

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CHECKING GOVERNMENT CHECKS	23
BRITAIN'S SHRUNKEN INDUSTRIES	WALTER HILL 26
DOES YOUR BANK NEED MORE CAPITAL? (II)	JAMES W. WOOSTER, JR. 28
RENEGOTIATION AND BANK LOANS	MAURICE KARKER 30
THE FIFTH FREEDOM	ALBERT JOURNEYAY 31
THIS NATION AT WAR	36
CARETAKERS OF PEOPLE'S SAVINGS (II)	LEVI P. SMITH 38
A PROTEST AGAINST THE CCC RATE CUT	48

"BANKING" WINS A DECORATION (page 2) ... A MESSAGE FROM POOR RICHARD (page 37)
THE 43ERS (page 42) ... WARTIME BANK CONFERENCE (page 38) ... WAGES, HOURS (page 18)
SPARKLERS (page 35) ... BANKERS IN UNIFORM (page 44) ... THE BIGGEST SALE JOB (page 10)



BUY
U. S. WAR
BONDS &
SAVINGS
STAMPS
NOW!

—That's the "Sweet music" you have for loan applicants WITH INVENTORY and it means safe and profitable loans for your bank.



"HAVE YOU INVENTORY?"

FREE: "How to Solve a Difficult Financial Problem"



has time for constructive thinking.

A worried executive, with capital frozen in inventories, and harried by creditors, discovers Douglas-Guardian Service. He gets on a cash-discount basis—

... is a question that bankers are going to ask more and more during the remainder of the war and the change-over period to follow... having in mind the use of Douglas-Guardian Service.

Right now, our Field Warehousing Service is helping you bankers to supply huge sums of money to keep the wheels of production turning, with

inventory as collateral... tomorrow it will help you provide the capital for a vast production of civilian goods.

The loans so validated, constitute a brighter side of your loan picture, both now and post war. Because, a loan on Field Warehoused collateral is a SAFE loan and a profitable one. Address our nearest office for information.

Field Warehousing by Douglas-Guardian

DOUGLAS-GUARDIAN WAREHOUSE CORPORATION, Nation-Wide Field Warehousing Service

CHICAGO: Suite 1101, 100 West Monroe Street

NEW ORLEANS: 118 North Front Street

Atlanta
San Francisco

Cleveland
Portland, Ore.

Dallas
Rochester, N. Y.

Easton, Md.
Springfield, Mass.

Los Angeles
Tampa, Fla.

Memphis
Springfield, Mo.

New York

Philadelphia

TH

W

hav

M

ice

Fla

Jul

in

cla

int

cor

cor

ph

as

as

th

be

en

Ca

ill

in

1,

no

Se

de

S

C

th

B

V

N

P

u

A

Just a Minute

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CONTENTS FOR AUGUST 1943



THOMAS, ASSOCIATED NEWSPAPERS
In Case Rome Burns

That July Cover

WELL, our Minute Man (as you may have heard) was a winner!

BANKING received the Patriotic Service Cross awarded by the United States Flag Association for the outstanding July cover, made from a photograph, in the organizations and trade paper classification, one of four major groups into which the association's magazine competition was divided.

More than 500 magazines entered the contest. Awards were made for the best photograph and the best painting used as covers in each classification. The association's Cross of Honor, given as the grand award for the cover adjudged best of all, went to *News and Views*, an employee magazine published by the Caterpillar Tractor Company of Peoria, Illinois.

Large collections of covers entered in the competition were displayed in 1,200 department stores throughout the nation in connection with the War Savings program, which the contest was designed to promote.

September

OUR September number will be a Win the War issue.

The editorial content will deal with
(CONTINUED ON PAGE 3)

Just a Minute	John L. Cooley	1
The Outlook from Washington	Herbert Bratter	10
Checking Government Checks		23
Britain's Shrunk Industries	Walter Hill	26
Does Your Bank Need More Capital? (II)	James W. Wooster, Jr.	28
Renegotiation and Bank Loans	Maurice Karker	30
The Fifth Freedom	Albert Journeay	31
BANKING NEWS		33-56
News Items		33
Convention Calendar		34
Sparklers for Speakers		35
This Nation at War		36
Caretakers of Peoples' Savings (II)	Levi P. Smith	38
"The Art of Making Money Plenty"		39
Savings Bank Cost Experience	J. R. Dunkerley	40
The Graduate School of Banking		42
State Association Activities		44
New State Presidents	Pictures	45
Organize a "Know Your Money" Campaign	Frank J. Wilson	46
A Protest Against the CCC Rate Cut		48
Amendments to the A.B.A. Constitution		52
The Legal Answer Page		57
North of the Border		58
Methods and Ideas	John J. McCann	60
Heard Along Main Street		68
Ration Banking Operations		75
Boosting War Bond Sales		78
Recruits for Banks		82
Inter-American Banking Scholarships		84
Your Reading		86
Index to Advertisers		87
The Condition of Business	William R. Kuhns	88

BANKING — Published monthly by the American Bankers Association, 22 East 40th Street, New York 16, N. Y., U. S. A. — \$3.00 per year.

Volume XXXVI, No. 2. Copyright 1943, American Bankers Association, Harold Stonier, Executive Manager. William R. Kuhns, Editor. Assistant Editors, John L. Cooley, John J. McCann. Editorial Assistant, Mary B. Leach. Field Representatives: Alden B. Baxter, Advertising Manager, Prentiss Jackson, Jr., 22 E. 40th St., New York City; Robert W. Kaeberle, Western Manager at 230 N. Michigan Ave., Chicago, Ill.; Stanley Ikard, Los Angeles, Cal. Washington office, 719 Fifteenth Street, N. W.; Circulation Manager, Robert J. Stiehl. Subscriptions: \$3 yearly; Canada, \$3.50; foreign, \$4.00; single copies, 25 cents. Entered as second-class matter May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

You're OUT OF LUCK when a tire blows—



AS IS THE CHECK FORGER WHEN THAT WHITE SPOT APPEARS

Forgers and counterfeiters are in trouble when they attempt to alter a check written on La Monte Safety Paper. » » For that tell-tale WHITE SPOT flashes a warning for all to see and heed—a warning that says plainer than words: *This check has been tampered with! This check is worthless!* » » And no matter whether you use ink eradicator, eraser or pen knife—that WHITE SPOT shows up *instantly!* » » Try it yourself. Make the three simple tests illustrated at the right. See why La Monte Safety Papers have long been recognized as the standard of safety in check protection. And why today, over 75% of America's leading banks and outstanding business corporations from coast to coast specify La Monte Safety Paper for their checks and other negotiable instruments!

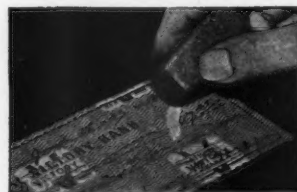
For samples of La Monte Safety Paper see your lithographer or printer—or write us direct.

LA MONTE *Safety* PAPER

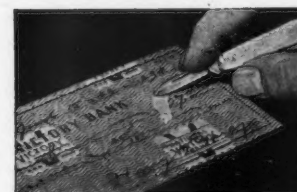
GEORGE LA MONTE & SON . . . Nutley, New Jersey



Try to remove anything written on La Monte Safety Paper with Ink Eradicator—and Presto—a WHITE SPOT appears!



—or use an Eraser as gingerly as you please—again that tell-tale WHITE SPOT shows up!



—or try to scratch it off with a penknife. No use—there's that WHITE SPOT, again!





The Prize Winners

that single general topic. It will report banks' contribution to the job in hand, and it will emphasize the fact that they are doing this enormous amount of work with depleted staffs.

In other words, banks as war plants and bankers as war workers provide the theme. One feature is a panel discussion of the increasing part taken by women in bank operations.

Another is a post-war section, "The Return of Opportunity," where leaders in American enterprise will briefly sketch the shape of things to come. This is a preview of a book to be published by Harper and Brothers.

And because September is the month of the American Bankers Association wartime conference in New York, which takes the place of the annual convention, we also plan to give an advance glimpse of that important meeting and a review of the past year.

Yes, there'll be plenty of pictures.

Renegotiation

FOR an authoritative discussion of price adjustment in government war con-

tracts, BANKING went straight to headquarters, namely, to MAURICE KARKER, chairman of the War Department Price Adjustment Board.

Mr. KARKER's article is pointed directly at banking interests in renegotiation. The purpose of adjustment, he says, is "merely to eliminate excessive profits."

"By the same token," he asserts, "it leaves contractors with reasonable profits. And so long as loans were soundly placed in the first instance, reasonable profits should be ample to cover interest on them."

As for security of principal, "the answer on this score is much the same." And he goes on to tell why, as well as to make a number of other points regarding renegotiation and its relationship to commercial banking.

If your bank has war contract loans, you'll be turning to page 30.

Government Checks

"CHECKING Government Checks" covers a subject that is of special in-

(CONTINUED ON PAGE 5)

R. G. RANKIN & CO.

CERTIFIED
PUBLIC
ACCOUNTANTS

Examinations
of
Banks and Trust Companies
for
Directors' Committees

NEW YORK
CHICAGO
WASHINGTON



Under the Old Republic Plan
insurance on personal loans
gives economical protection
to both lender and borrower.



The largest independent
company exclusively insuring
the lives of borrowers

309 W. Jackson Chicago



Official U. S. Navy photograph

THEY'RE ALL ACES TODAY

Blinding speed, armored planes and devastating firepower have eliminated the individual ace—the “knight of the air”—from modern aerial warfare. Now it is the perfect coordination in precision teamwork of *every* echelon and *every* squadron that “rings the bell” in air battle.

That is why American fighters and bombers are writing such glorious new pages in history. Americans are brought up on teamwork—in play, in business and in war. In the fire insurance industry, for example, despite the handicaps of the manpower shortage and drastically curtailed transportation, agents are continuing to bring insurance protection to American homes and industries. And besides giving efficient service to policyholders, agents are active in civilian defense—another important form of protection.

Moreover, they are still further proving their teamwork ability by patriotically cooperating with our company in its modest contribution towards national war financing through the Ninetieth Anniversary War Loan campaign, which provides that:

All new gross premiums collected on fire and other policies that the Home writes for the balance of the year are being invested in War Loan Bonds. These purchases are OVER and ABOVE the normal government bond purchases which the company is continuing to make.

In the air or on the ground, teamwork is the American way—the short-cut to Victory!

★ THE HOME ★
Insurance Company
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Ninetieth Anniversary Year



NEBER, CONSOLIDATED NEWS FEATURES

"I don't like too many withdrawals, but you don't want your depositors to look shabby, do you?"

terest to bankers. We're informed that of the million and a half Class E allotment-of-pay accounts now in effect at the Office of Dependency Benefits, Newark, New Jersey, approximately 115,000 are authorized for payment to banks for personal savings or checking accounts. More than \$18,000,000 a month is sent by the ODB for deposit to these accounts.

See Page 39

THERE we publish an old rebus made from some of Benjamin Franklin's sayings on the subject of thrift.

We're not particularly good at solving puzzles of any sort, which accounts for the fact that in transcribing this rebus we were unable to find the word



"To show you how long he has been annoying me:-- he was a buck private when he started."

THE ROUND-UP, VALLEY NATIONAL BANK, PHOENIX

August 1943

DEPENDABLE SERVICE

We have lost count of the number of times the heading "Dependable Service" has topped our advertising. To bring it out and dust it off for this issue is our way of telling you that our service is now pretty close to normal in all our plants. Generally speaking, it takes us about one extra day to ship standardized business checks, which isn't bad considering conditions.

Last March our service slipped a little because Ration Banking had us on the run, but since April it has steadily improved and we hope soon to pick up that extra day and hit our peacetime schedule. Of course, from your end our service is probably three or four days behind because the mails are slow both ways. However, we can't do much about that and we are grateful for the splendid

job being done by the Post Office Department.

We have been fortunate in the matter of personnel because we haven't lost any experienced people to other industries. Our replacements naturally have been heavy due to a rather high percentage entering the armed forces; also, we have grown a little since the war started, requiring new employees, but our supervisory staff and most of our key people are on the job teaching new employees the meaning of peacetime delivery obligations.

This year we have served an average of five thousand banks a month. By maintaining good service and keeping our check styles up to the minute we hope to retain this patronage and win the right to serve other banking institutions.



Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL

NASHVILLE
A KEY CITY IN THE
CENTRAL SOUTH

**Bankers
and Industrialists**

Will find their relations with this bank helpful in the efficient handling of their banking business in this inner defense area. We invite an opportunity to serve you.

A Key Bank in the Central
South with resources over
135 Million Dollars

**THE AMERICAN
NATIONAL
BANK**

Member Federal Reserve System
Federal Deposit Insurance Corporation



In boom or depression
... in Peace or War ...
always at the forefront
of Banking Service in
Baltimore since 1894

**MARYLAND
TRUST COMPANY
BALTIMORE**

HEYWARD E. BOYCE, President

Member Federal Reserve System and
Federal Deposit Insurance Corporation

SPECIALISTS IN—

United States Government Securities

Guaranteed Issues
Federal Land Bank
and
Other Agency Issues
Territorial Bonds
Municipal Bonds

C. J. DEVINE & CO.

48 Wall Street, New York

Chicago • Boston • Philadelphia
Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices



HEBER, CONSOLIDATED NEWS FEATURES

"It's potatoes from son. He wants us to peel them and send them back to his camp"

for one picture, although the context is clear. (Incidentally, nobody else in the office could figure it out, either, so if you can, you'll receive the staff's vote of thanks.)

Well, here's how we read this pleasant little story that appeared in *Gleason's Pictorial Drawing-Room Companion* in 1856:

"At this time when the general complaint is that money is so scarce it must be an act of kindness to in (form?) the moneyless how they can reinforce their money-bags. I will acquaint all with the true secret of money-catching, the certain way to fill empty money-bags & how to keep them always full. Two simple rules well observed will do the business. 1st, let honesty and work be thy constant companions. 2nd, spend one penny every day less than thy clear gains. Then shall thy money-bags soon begin to thrive, thy creditors will never insult thee nor want oppress thee, nor hunger bite thee, nor nakedness freeze thee, the whole hemisphere will shine brighter and pleasure spring up in every corner of thy heart.

"Now thereby embrace these rules and be happy."

Maybe "money-bags" should be "purses" or "pockets." Write your own ticket.

Thoughts for Home Fronters

DR. ROBERT C. CLOTHIER, president of Rutgers University, in his address to the Class of 1943, Graduate School of Banking, raised some questions which can hardly be asked too often, so we repeat them here.

"Are we as a nation," he said, "facing realities? The prolongation of this war by one day may well cost, in the end, a thousand American lives. Any one of those boys may be yours or mine. Yet can any one of us say that we, as a na-

CHANGES

in Real Estate Conditions

Require Careful Analysis

OUR long-experienced, well-trained staff (operating in sixteen states) is ever alert to meet changing conditions in a manner that will give our clients greatest possible profit from their realty investments.

Our service, with its scientific attention to detail, keeps pace with the nation's needs by rendering constant, competent care of: Properties under our management . . . Appraisals . . . Servicing of mortgages and Supervision of Taxes and Insurance.

Your inquiry is welcome—
Write us today for further details



UNITED

Service and Research, Inc.

81 Madison Bldg., Memphis, Tenn.

Realtors

Offices: Terminal Bldg., Oklahoma City, Okla.
Metropolitan Bank Bldg., Minneapolis, Minn.
Buhl Building, Detroit, Mich.

BUSINESS NEED NOT
"FLY BLIND"



Our services chart a safe course through problems involving reorganization and refinancing.

The AMERICAN
APPRAISAL Company
CONSULTANTS IN PROPERTY ECONOMICS

Experience Service Cooperation

Manned by officials with years of experience, our Correspondent Bank Division renders a complete service, conducted in an intimate and personalized manner.

The guiding policy is one of cooperation in all matters of mutual interest.

The
Public National
BANK AND TRUST
COMPANY OF NEW YORK
ESTABLISHED 1908

Member: New York Clearing House
Association, Federal Deposit Insurance
Corporation

tion, have really gone to work to win this war?

"Granting the outstanding achievements of American industry and the American worker, have any of us made the sacrifices the Russians made, say, at Stalingrad? Have any of us shown the courage of the British during the battle of London or evidenced anything approaching the great fighting heart of the Chinese?"

"How can we explain the incredible phenomenon, under existing circumstances, of strikes for increased wages in the coal and manufacturing industries. . . . How can we explain the acquiescence of our people in what may prove to be the humiliating surrender of the dignity and majesty of our government to group pressure and political expediency? Must war bring personal tragedy to us, as it has brought personal tragedy to the people of China and Russia and the conquered countries, before we are willing to face these realities?"

"Who knows, perhaps we have grown so heedless with plenty and with the illusion of security, that we have lost the capacity for self-discipline. If so, we can look to the future with grave apprehension, whatever the outcome of the war. For history leaves no doubt of the destiny of a nation which has grown superior to the ancient virtues of simplicity and integrity and industry."

"To many of us the most cheering aspect of the present crisis is the way in which our young men have reacted to the challenge of national disaster, with faith and courage and complete self-forgetfulness. It still remains for us, on the home front, to prove ourselves as worthy as they."

Well, the Artist Lives in Brooklyn

Yes, we know that the horse in the drawing on page 34 of July **BANKING** is attached to his plow by nothing but

Point Shortage



THOMAS, ASSOCIATED NEWSPAPERS

August 1943



BANK OF MONTREAL

ESTABLISHED 1817

Provides *American Correspondent Banks* with modern, experienced service —the outcome of 125 years' successful operation.

Our Historical Firsts

- First permanent bank in British North America
- First to establish Branch Banking in Canada
- First bank in the capital of Lower Canada
- First bank in the capital of Upper Canada
- First permanent bank west of the Great Lakes
- First institution to provide Canada with a domestic currency (both bills and coinage)
- First bank to assist in financing foreign trade of Canada
- First banker for the Government of Canada

Inquiries regarding correspondent relationships and our facilities may be addressed to any of our American offices or to the Head Office.

NEW YORK: 64 Wall Street CHICAGO: 27 South LaSalle St.
SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

ASSETS OVER A BILLION DOLLARS

EXPERIENCE - - -

PLUS

ENTERPRISE

characterizes correspondent banking service at Mississippi Valley Trust Company.

The problems of each of our correspondents are met not only with understanding and routine efficiency, but with initiative and with that individual consideration which is so vital.

MISSISSIPPI VALLEY TRUST COMPANY

St. Louis

Member Federal Deposit Insurance Corporation



88 Years of Banking Experience



Which Buffalo Bank stays open at night?

THERE'S only one answer. The Night Transit service of the Marine Trust Company is the only night banking shift in Western New York.

This service can save your bank as much as 24 hours in the presentation of cash items in New York State. We meet all planes and trains up to 2:30 A. M. Incoming cash items are sorted and redispached to their destinations by the fastest possible route. Result: your cash items are presented hours in advance of other methods.

With few exceptions, items arriving prior to 12:30 A. M. will be presented the next business day in 60 New York cities and towns. Cash items to other parts of the country are handled with comparable speed.

Let us show you how we can bring about a worthwhile reduction in float by speeding up your presentations and collections in New York State.

MARINE TRUST COMPANY OF BUFFALO

A Marine Midland Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

the reins. In other words, there is no trace of traces; and even by taking the bit in his teeth the poor animal could hardly be expected to do his stuff.

The omission of this vital link in so fundamental an agricultural process was detected too late for correction. Our only excuse is that the man who made the picture hails from Brooklyn (New York) whose bucolic touch is neither authentic nor dependable.

When Silence Spoke

ONE of those "By the Associated Press" dispatches from Washington:

"Treasury Secretary Morgenthau used his press conference yesterday as a testing ground for a suggested slogan for the Third War Loan Drive scheduled to start in September.

"He told reporters the War Savings Staff had offered this: 'The more bonds and sweat, the less blood and tears.'

"What do you think of it?' he asked the group.

"There was a deep silence.

"Well, we won't use that one," said Mr. Morgenthau."

Now We're New York 16

UNDER the new system of zone and district numbers devised by the Post Office Department to facilitate sorting and delivery of mail in big cities, BANKING's address is now:

*22 East 40th Street
New York 16, N. Y.*

Please use the zone number when you write us. And help us give you better service in delivering your copy of BANKING by sending us your zone number, if you have one.

JOHN L. COOLEY

Next Stop Is. . .



HARRIS & EWING
BANKING

Walnuts or wire.....

LAWRENCE SYSTEM
COPY OF WAREHOUSE RECEIPT No W 3178
Los Angeles, California DATE July 6, 1943
RECEIVED BY Chapman Nut Company - Los Angeles, California - VOUCHER No. 165
NOT INSURED
FOR THE ACCOUNT OF AND TO BE DELIVERED, WITHOUT DEDUCTIONS OF THIS WAREHOUSE RECEIPT, UPON WRITTEN ORDER OF FIRST NATIONAL BANK
ITEM No. 1 NO. UNITS 10,000
WALNUTS IN THE SHELL
COPY OF NONNEGOTIABLE WAREHOUSE RECEIPT
LAWRENCE SYSTEM WAREHOUSE COMPANY
JIM PERRY
On this receipt the Warehouse Receipt is acknowledged as valid and correct and the receipt is subject to the terms and conditions of the Warehouse Receipt.

Almost Any Inventory Is An A-1 Loan Source

Your best prospects for a profitable and safe loan business are right in your own files! Check your customers' balance sheets and wherever a large inventory is listed, there may be the key to some very substantial loans... backed by Lawrence System warehouse receipts. Almost any readily marketable inventory is sound collateral; and the raw materials or finished products remain on the borrower's premises while normal marketing continues. Today's greatly increased production schedules require that your customers should not have too much working capital tied up in inventory. With your help it can be released for other important purposes. Be sure your bank has the up-to-date facts on Lawrence System field warehousing... available from coast to coast. Contact the office nearest your bank today.

LAWRENCE SYSTEM *field warehousing*

FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W.P. Story Bldg.
Buffalo • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Charlotte, N.C • Jacksonville, Fla.
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu

THE OUTLOOK FROM WASHINGTON

The Biggest Job

Washington, D. C.

THE biggest sales campaign this country has ever seen starts September 9, and bankers are to be the Number One salesmen.

Organization of the machinery for this Third War Loan drive is well under way as BANKING goes to press. Many of the chairmen of the state War Finance Committees are bankers, and you can be sure that bankers are in the forefront in manning the many subcommittees. In short, it looks as though September's war financing was to be one of the biggest—if not the biggest—jobs the bankers have done for Uncle Sam so far in this war.

Take New York State, for example; presumably, its contribution to the national total of War Bonds sold will be the largest in the country, so its plans are interesting and important. State Chairman W. Randolph Burgess is mustering an army of 500,000 volunteer workers to ask 8,000,000 to 10,000,000 people in the Empire State to buy bonds. Every city, every town, every hamlet, upstate and downstate, will be covered by this gigantic sales organization which will concentrate on selling Series E bonds to individuals directly, and through payroll deductions. Already some 5,000,000 New Yorkers are buying bonds regularly; many more are wanted.

The slogan in New York is: "For every fighting man there should be 10 bond buyers here at home."

"With 10,000,000 men in the armed forces,

many of whom at this moment are engaging the enemy," says Dr. Burgess, "almost every man, woman and child in civilian life should be a systematic and regular buyer of War Bonds. There are few people who cannot afford to buy some bonds."

As part of the national organization, Secretary Morgenthau early in July announced the appointment of Ted R. Gamble, Assistant to the Secretary, as National Director of the Treasury Department's War Finance Division. In this capacity, Mr. Gamble is in charge of the sale of War Savings Bonds and will organize the Third War Loan drive starting September 9.

Mr. Gamble has been affiliated with the Treasury's bond sales organization in Washington since December 1941, when he became consultant to the Secretary of the Treasury and headed the national War Bond pledge campaign. He was appointed Assistant to the Secretary in May 1942, when he was given supervision of the field organizations of the War Savings Staff. Who Mr. Gamble's assistants will be in the new War Finance Division had not at this writing been announced.

The contents of the Treasury's \$15 billion market basket is to be sold entirely to non-banking buyers. The securities are the same types as were sold in the Second War Loan drive—Series E, F and G savings bonds, 2½ per cent bonds of 1964-69, 2s of 1951-53, and ¾ per cent certificates. After the drive there will be a 2 per cent bond and a ¾ per cent certificate for banks.

Banks and Tax Withholding

By now all banks are presumed to have received and studied Treasury Department Circular No. 714 of June 25, 1943, containing the regulations governing the payment through depository banks of funds withheld as taxes.

Treasury experience to date reveals that there are certain points in connection with tax withholding which require clarification. Some of the questions in the minds of banks, and the answers thereto, are indicated in the following paragraphs.

One of the commonest questions is whether the Commissioner of Internal Revenue's June 1943 Circular WT requires a bank to accept from an em-



It was warm in Mr. Morgenthau's office

ployer as withheld taxes no deposit of less than \$100. The Treasury points out that a qualified bank may accept from an employer any amount of withheld taxes, whether smaller than or larger than \$100 a month.

Employers should be cautioned that, in making deposits of withheld taxes, checks and drafts should *not* be made payable to the Treasurer of the United States, the Collector of Internal Revenue, the Secretary of the Treasury, or any other Federal official.

A number of large concerns having branches throughout the country are in the habit of letting each branch do its banking locally, whereas Federal corporation income taxes are paid when the tax return for the whole corporation

(CONTINUED ON PAGE 12)

CCH

Pay-As-You-Go
TAX SERVICE

ONE VOLUME • LOOSE LEAF

For everyone concerned with payrolls and payroll handling under the "pay-as-you-go" provisions of the new Current Tax Payment Act, the ins-and-outs of the new law are made readily available in a popular low-priced CCH "Pay-As-You-Go Tax Service." It is especially designed to give those interested only in the "mechanics" of the new law the practical, procedural facts and data they want; to lighten the burden of "the tax man" and the tax department by aiding the "payroll man" and the payroll department to function soundly and effectively, "on their own."

This Service is not for the federal tax specialist, the man concerned primarily with the technical tax aspects of the new law. (The famous CCH Standard Federal Tax and Federal Tax Guide Services continue as the accepted reporters on federal taxation and as such fully cover the Current Tax Payment Act.) Instead here is a Service specifically for those whose one and only interest is almost solely in the "bookkeeping" or "payroll" angles of the new law.

For example, features of the CCH PAY-AS-YOU-GO TAX SERVICE include:

- understandable plain English explanations of the basic "pay-as-you-go" law and regulations and their application in the payroll department
- quick-reading charts and tables that say "Here it is!" to "pay-as-you-go" tax questions in payroll work
- essential, important forms, as released by the administrative authorities
- specific facts and information concerning the correct practice and procedure in the use of estimated and final returns under the pay-as-you-go tax law
- essential full texts of pertinent law provisions and official regulations
- a handy 6 x 9 book of some 80 pages containing the full text of the law, together with cleancut comments and explanations, is included as an "extra" without additional charge.

With Supplemental Loose-leaf Reports of New Developments

Write for Details

COMMERCE CLEARING HOUSE, INC.
PUBLISHERS OF LOOSE LEAF LAW REPORTING SERVICES

NEW YORK
EMPIRE STATE BLDG.

CHICAGO
214 N. MICHIGAN AVE.

WASHINGTON
MUNSEY BLDG.

California Bank

Los Angeles

We invite accounts from banks, corporations and individuals. Send us your Pacific Coast business

CONDENSED STATEMENT AS OF JUNE 30, 1943

Resources

Cash: On hand and in Federal Reserve Bank	\$ 43,354,087.61	
In Other Banks	28,093,882.47	\$ 71,447,970.08
U.S. Gov't Obligations (Direct or Fully Guaranteed)		122,659,825.66*
Obligations of Other Federal Agencies	1,803,854.59	
State, County and Municipal Bonds	4,790,619.47	
Other Bonds and Securities	2,537,788.76	9,132,262.82*
Stock in Federal Reserve Bank		255,000.00
Ownership of California Trust Company		1,475,324.66
Loans, Discounts, and Bankers' Acceptances		52,843,341.57
Contracts Representing Sales of Real Estate		217,768.92
(Total Sales Prices over \$750,000.00)		
Bank Premises, Furniture, Fixtures, and Equipment		1,140,476.93
(Including Branches)		
Other Real Estate		997,357.43
Customers' Liability under Letters of Credit and Acceptances		567,108.21
Other Resources		135,780.65
TOTAL RESOURCES		\$260,872,216.93

Liabilities

Deposits: Demand	\$161,868,513.29	
Time	74,581,871.95	
U.S. War Loan Deposit Account	10,998,700.95	
Other Public Funds	816,387.04	\$248,265,473.23
Reserves for Interest, Taxes and Expenses		348,799.65
Reserve for Dividend on Common Stock Payable July 1, 1943		100,000.00
Unearned Income Collected		323,078.38
Letters of Credit and Acceptances		714,919.27
Other Liabilities		140,395.10
Capital: Preferred	800,000.00	
Common	5,000,000.00	
Surplus	2,700,000.00	
Undivided Profits	2,479,551.30	10,979,551.30
TOTAL LIABILITIES		\$260,872,216.93

*\$14,100,858.80 pledged, according to law, to secure Public Funds and Trust Deposits

OFFICERS

ARCH W. ANDERSON, *President*

FRANK L. KING, *Executive Vice-President*

Senior Vice-President

ALLAN HANCOCK

Vice-President and Counsel

CHAS. E. DONNELLY

Vice-Presidents

ARTHUR T. BRETT

C. C. DEPLEDGE

F. S. HANSON

T. E. IVEY, JR.

F. M. MAGEE

H. J. MENDON

J. A. SHINE

W. F. BRANDT

H. E. HUDSON

J. G. MAULHARDT

B. B. ODELL

OUTLOOK—Continued



HARRIS & EWING

General Henri Giraud, commander in chief of the Fighting French, calls on President Roosevelt

is filed by its head office. Some of these companies have raised the question: Must withheld taxes be deposited in the cities where the branch offices are located? To this the answer is no. Branch offices may continue to do their regular banking in the cities where they are located and taxes withheld from the employees of such branches may be deposited in local banks in those cities. In such cases the originals of the depositary receipts are sent by the branches to the head office of the company, and by the latter sent to the Collector of Internal Revenue.

A related question is whether an employer may deposit withheld taxes in any qualified bank, or whether he must deposit such taxes only in the commercial bank with which he does his ordinary deposit banking. The answer to this question is that any qualified bank may be used. In this regard the practice differs from the practice in ration coupon banking.

Many banks are wondering whether they are responsible for determining that the amounts tendered by employers are the correct amounts the law requires employers to withhold. Banks have no such responsibility. Their duty is discharged by the proper issuance of correct receipts for the taxes deposited with them by employers.

Banks which have qualified as Treasury depositaries for withheld taxes are required to accept deposits of such taxes from whomever offered, whether or not the employer concerned is a regular banking customer of the bank.

Banks are cautioned to be extremely careful in handling the depositary re-

(CONTINUED ON PAGE 14)

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

Statement of Condition June 30, 1943

RESOURCES

Cash on Hand and Due from Other Banks		\$ 296,436,261.30
United States Government Obligations, direct or fully guaranteed		612,148,705.26
Other Securities		53,829,347.13
Stock in Federal Reserve Bank		900,000.00
Loans:		
Loans and Discounts	\$ 88,894,254.64	
Real Estate Mortgages	14,733,044.66	
Overdrafts	34,695.87	103,661,995.17
Branch Buildings and Leasehold Improvements		1,065,227.18
Accrued Income Receivable—Net		1,909,834.26
Prepaid Expense		188,039.10
Customers' Liability Account of Acceptances and Letters of Credit		3,355,497.06
TOTAL RESOURCES		<u>\$1,073,494,906.46</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$897,739,292.12	
U. S. Government	99,620,093.19	
Treasurer, State of Michigan	7,687,094.30	
Other Public Deposits	23,763,312.67	\$1,028,809,792.28
Capital Account:		
Preferred Stock	8,500,000.00	
Common Stock	10,000,000.00	
Surplus	11,500,000.00	
Undivided Profits	7,435,219.85	37,435,219.85
Reserve for Common Stock Dividend No. 18 payable August 2, 1943		500,000.00
Reserves		3,394,397.27
Our Liability Account of Acceptances and Letters of Credit		3,355,497.06
TOTAL LIABILITIES		<u>\$1,073,494,906.46</u>

United States Government securities carried at \$127,338,234.57 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

DIRECTORS

HENRY E. BODMAN
ALBERT BRADLEY
CHARLES T. FISHER
CHARLES T. FISHER, JR.
JOHN B. FORD, JR.

JAMES S. HOLDEN
JAMES INGLIS
WILLIAM S. KNUDSEN
ALVAN MACAULEY
WALTER S. McLUCAS

W. DEAN ROBINSON
R. PERRY SHORTS
GEORGE A. STAPLES
R. R. WILLIAMS
C. E. WILSON

TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

BUY U. S. WAR BONDS REGULARLY OUT OF INCOME

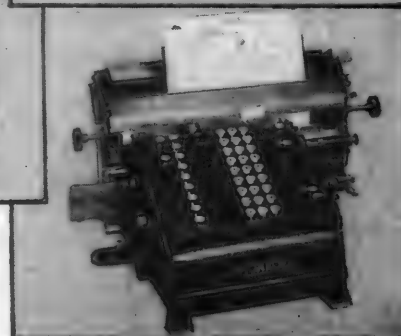
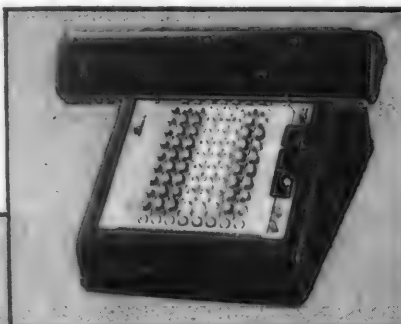


Manpower shortage is a problem in handling the increased figure-work confronting every bank in the country today. Due to War conditions, the customary commercial banking transactions have greatly increased. Added to this increased work, have been the complications of Ration Banking and most recently Pay-As-You-Go Tax bookkeeping for those banks selected as depositories for these taxes.

Monroe machines are at work in banks all over the country; they are saving time and manpower in their fast and accurate production of figures. If additional Monroe equipment is needed to relieve manpower shortage on bank transactions, that are essentially War work, application for priority may be made.

In the meantime, through a nation-wide system of Monroe-owned branches, Monroe offers you these two definite services to keep your machines at work: Guaranteed Mechanical Maintenance through regular inspections by trained mechanics who keep your Monroes operating efficiently, and Expert Analysis of your Wartime Figure Work and Forms to give you the fullest use of your Monroe equipment.

Phone your nearest Monroe Branch, or write us for full details about Monroe Wartime Service. Monroe Calculating Machine Company, Inc., Orange, New Jersey.



MONROE
Machines for Calculating,
Adding, Bookkeeping
and Checkwriting

OUTLOOK—Continued

ceipts, all of which are numbered. Such receipts cannot be left on the counter like ordinary deposit receipts. It is permissible, however, where circumstances are appropriate, for the bank to consign some of its stock of receipts—e.g., a pad or two—to an employer.

While the acceptance of depositary receipts filled out in pencil is not encouraged, it is permissible provided the writing is clearly legible. However, employers' signatures or initials must be in ink.

THE 2 per cent depositary bonds which are being made available to depositories for withheld taxes, as a means of compensating them for their work, are redeemable at 30 to 60 days' notice. The bonds are registered in the name of the district Federal Reserve bank in trust for the individual bank.

These bonds may be acquired through the Treasury's making available the necessary funds. If, however, the depositary bank uses its own funds for the purchase of the 2 per cent depositary bonds, twice as large an amount of the bonds may be acquired. It should be noted that a depositary bank may under certain conditions switch from the one method to the other, as set forth in Section 8, on page 4, of Department Circular No. 714.

A number of banks have sent their application forms (Form No. 411) to the Treasury in Washington. That procedure only delays matters. Form No. 411, as well as all other correspondence relating to depositary matters, should be sent to the district Federal Reserve bank.

(CONTINUED ON PAGE 16)

Lt. Gen. George S. Patton, Jr., commanded the United States forces in the greatest amphibious military operation in history—the landing on Sicily



THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, June 30, 1943

RESOURCES

CASH AND DUE FROM BANKS	\$ 943,768,352.68
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	2,548,663,686.79
STATE AND MUNICIPAL SECURITIES	77,379,783.82
STOCK OF FEDERAL RESERVE BANK	6,016,200.00
OTHER SECURITIES	122,814,076.28
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES.	717,908,709.96
BANKING HOUSES	36,215,027.42
OTHER REAL ESTATE	5,432,358.29
MORTGAGES	7,327,882.90
CUSTOMERS' ACCEPTANCE LIABILITY	4,101,112.50
OTHER ASSETS	12,979,244.50
	<u>\$4,482,606,435.14</u>

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	<u>49,842,417.63</u>
	\$ 250,382,417.63
DIVIDEND PAYABLE AUGUST 2, 1943	5,180,000.00
RESERVE FOR CONTINGENCIES	15,252,664.25
RESERVE FOR TAXES, INTEREST, ETC.	5,855,792.88
DEPOSITS	4,193,352,244.27
ACCEPTANCES OUTSTANDING	\$ 10,019,894.95
LESS AMOUNT IN PORTFOLIO	<u>5,540,766.71</u>
	4,479,128.24
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	41,573.12
OTHER LIABILITIES	8,062,614.75
	<u>\$4,482,606,435.14</u>

United States Government and other securities carried at \$741,894,297.50 are pledged to secure U. S. Government War Loan Deposits of \$513,420,301.82 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

STATEMENT OF CONDITION

ANGLO CALIFORNIA NATIONAL BANK

JUNE 30, 1943

RESOURCES

Cash and Due from Banks	\$84,192,575.28
United States Treasury Bills	22,185,453.74
Other U. S. Government Securities, Direct and Guaranteed	138,042,670.41
State and Municipal Securities	10,820,928.07
Other Bonds and Securities	3,734,077.74
Loans and Discounts	54,203,680.08
Interest and Other Income Earned but Not Collected	829,280.61
Stock in Federal Reserve Bank	606,300.00
Bank Premises, Head Office and Branches	4,437,638.27
Other Real Estate, including assets indirectly representing Other Real Estate	2,088,443.37
Customers' Liability under Letters of Credit and Acceptances	2,562,493.38
Other Assets	328,280.63
TOTAL	\$324,031,821.58

LIABILITIES

Deposits:	
United States Government	\$13,259,490.91
Other Public Deposits	19,078,267.16
Demand Deposits	188,603,666.99
Time Deposits	71,872,146.67
	\$292,813,571.73
Discount and Other Income Collected but Not Earned	
Letters of Credit and Acceptances	2,562,493.38
Other Liabilities	412,602.42
Capital Stock:	
Preferred*	\$6,960,000.00
Common	8,200,000.00
	\$15,160,000.00
Surplus	5,050,000.00
Undivided Profits	2,646,288.67
Reserves for Dividends, Retirement of Preferred Stock and Contingencies	
	5,190,111.72
TOTAL	\$324,031,821.58

*1,740,000 shares, par value \$4.00 per share, retireable at issue price of \$10.00 per share. Current dividend rate 4% on subscription price.
Securities carried at \$47,806,428.04 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

DIRECTORS: Fred W. Ackerman, Othmar Berry, Richard D. Brigham, Allard A. Calkins, Harry D. Collier, Adrien J. Falk, Maurice E. Harrison, Paul E. Hoover, Sam H. Husbands, Ernest Ingold, Samuel Kahn, Berkley Neustadt, William B. Reis, William H. Thomson, Willard O. Wayman.

BUY MORE
U. S. WAR BONDS
AND STAMPS



Member Federal
Reserve System

Member Federal Deposit
Insurance Corporation

HEAD OFFICE: 1 Sansome Street, San Francisco
Branch Offices in: San Francisco, Oakland, San Jose, Bakersfield, Chico, Hanford, Lemoore, Modesto, Red Bluff and Redding

This is Anglo's 70th Year

OUTLOOK—Continued

Salary Stabilization Pointers

The mail of the Washington office of the American Bankers' Association has brought out various questions from bankers regarding the operation and application of wage and salary controls by the Salary Stabilization Unit of the Bureau of Internal Revenue and the National War Labor Board, respectively. From the Washington office's correspondence files the writer has selected some typical banker questions and the answers they received. They are here reproduced as of possible interest to other bankers:

What laws and orders govern wage and salary increases for bank employees and officers?

Public Law No. 729 (H.R. 7565) approved October 2, 1942.

Executive Order No. 9250 of October 3, 1942.

Regulations of the Economic Stabilization Director dated October 27, 1942.

Regulations of the Commissioner of Internal Revenue, TD 5186, dated December 3, 1942.

Executive Order No. 9328 of April 8, 1943.

Directive of the Economic Stabilization Director dated May 12, 1943.

Various general orders of the NWLB, especially Nos. 5, 6, 9, and 31.

Who regulates wages and salaries under these orders?

The SSU of the Bureau of Internal Revenue regulates compensation of only salaried employees receiving more than

General MacArthur chats with Prime Minister Curtin of Australia during the General's recent visit to Sydney



PRESS ASSOCIATION
BANKING



HARRIS & EWING

Field Marshal Sir Archibald Wavell, new Viceroy of India, buys a rose in a London hospital drive

\$5,000 a year and executive, administrative and professional employees receiving less than \$5,000 a year who are not represented by a recognized labor organization.

The NWLB regulates the compensation of all other employees.

What do we need to know about the NWLB's General Order No. 31 issued in June?

This order closed a loophole in the earlier orders. In particular, it clarified the requirements for wage increases which may be made without NWLB approval. The order permits, under certain conditions, increases without the Board's specific approval and allows also for pay variations between individuals.

Under General Order No. 31, individual increases must have the Board's approval, unless made under an established schedule as defined: (1) specifically approved by the Board; (2) contained in a collective bargaining agreement in existence on May 31, 1943; or (3) conforming to demonstrable practice of the employer prior to October 27, 1942. Where a planned salary rate schedule has not been in written form, General Order No. 31 sets up requirements for drafting such a schedule of pay increases.

(For details, write the nearest regional office of the NWLB for the latter's June 1, 1943 Release No. B 680.)

Has the A.B.A. issued any literature that describes current wage and salary stabilization as it applies to banks?

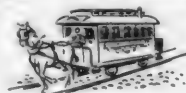
The Washington office of the A.B.A. described the wage and salary stabilization program in its State Secretaries *Washington Bulletin* No. 8-42 of December 5, 1942. A special bulletin was issued on June 18, 1943.

Is there any appeal from decisions of the Salary Stabilization Unit or of the

August 1943

90 YEARS AGO ... in 1853,

back in the days of the horse car ...



this bank was organized to help meet the growing financial needs of thriving young Milwaukee (then a seven-year-old city of 20,000 souls).

TODAY ...



metropolitan

Milwaukee is one of America's major war production areas; and all the facilities of this 90-year-old bank ... Wisconsin's largest ... are pledged to one end: To help speed the victory of Freedom's forces!

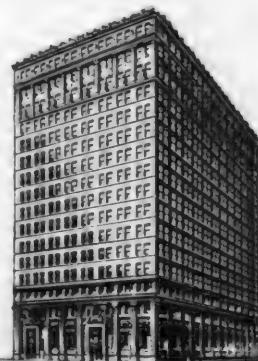
The First Wisconsin National Bank ranks 31st in size among the 15,000 banks in the U. S. Over 85 per cent of the hundreds of banks in Wisconsin are First Wisconsin correspondents.

BANKS AND BANKERS DIVISION

GEORGE T. CAMPBELL . . . Vice-President

RICHARD J. LAWLESS, Assistant Vice-President

DONALD A. HARPER . Assistant Vice-President



FIRST WISCONSIN NATIONAL BANK

of MILWAUKEE



Established 1853

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

War Labor Board?

Yes. From the regional SSU offices to the Commissioner of Internal Revenue. From the Wage and Hour Division field offices on Form-1, requests to the NWLB's regional attorneys. From Regional WLB rulings on Form-

10, applications, to the NWLB in Washington.

Does a bank's salary rate schedule require approval if it was established before the enactment of the salary stabilization law?

Many banks, although having a long

established practice with respect to increases in salaries based upon promotions, merit, length of service, and the like, have never reduced such practice to a formal salary rate schedule for each job classification. In such cases, we have advised that the bank reduce its practice as evidenced by its payroll records or otherwise to a formal salary rate schedule and submit such schedule to the NWLB and the Commissioner of Internal Revenue for approval. Since your bank established a formal salary rate schedule prior to the enactment of the Salary Stabilization Law, there would not seem to be the same necessity of securing its approval by the Board or the Commissioner, as the case may be. Approval by the Board and the Commissioner, however, has the advantage of settling any doubts as to the legality of salary increases made in accordance with the schedule and protects the bank from the drastic penalties imposed under the law and regulations with respect to unlawful salary increases.

Are small banks exempt from the salary stabilization controls?

In general, any bank with less than nine full-time or part-time employees as of the date of the salary increase is exempt. Part-time employees must be counted; also directors, provided they are performing services for compensation other than strictly director services.

Must an established salary schedule have been reduced to writing before October 23, 1942 to be acceptable to the Government?

(CONTINUED ON PAGE 80)

Points of Contact in **LATIN AMERICA** and the **WEST INDIES**

For information concerning business with Latin America and the West Indies consult The Royal Bank of Canada, with branches in:

ARGENTINA
BRITISH GUIANA
COLOMBIA
URUGUAY
CUBA
DOMINICAN REPUBLIC

BRAZIL
BRITISH HONDURAS
PERU
VENEZUELA
HAITI
BRITISH WEST INDIES

PUERTO RICO



A complete banking service, based on a long experience in these countries, is offered.

Enquire Business Development Department
New York Agency, 68 William Street

THE ROYAL BANK OF CANADA

Head Office, Montreal—Assets exceed \$1,400,000,000

TO BANKERS

who want store properties to produce more revenue

Any store is a better store if it has a modern Pittco Store Front . . . whether it's a bank property or owned by one of your customers. A Pittco Front builds up sales volume, boosts business, and produces more revenue.

Write us today for our free, illustrated book . . . so you'll be armed with all the facts about Pittco-remodeling when building restrictions are lifted. Pittsburgh Plate Glass Company, 2262-3 Grant Building, Pittsburgh, Pennsylvania.

PITTSBURGH PLATE GLASS COMPANY

"PITTSBURGH" stands for Quality Glass and Paint

PITTCO
store fronts

Marvin Jones, the new Food Administrator



HARRIS & EWING
BANKING

...THE...
PHILADELPHIA
NATIONAL BANK

Organized 1803

June 30, 1943

RESOURCES

Cash and due from Banks	\$193,367,809.72
U. S. Government Securities	452,309,070.09
State, County and Municipal Securities	14,795,620.32
Other Securities	34,853,001.51
Loans and Discounts	78,672,247.18
Bank Buildings	2,600,000.00
Accrued Interest Receivable	2,092,501.95
Customers Liability Account of Acceptances	2,226,089.99
	<u>\$780,916,340.76</u>

LIABILITIES

Capital Stock	\$14,000,000.00
Surplus	21,000,000.00
Undivided Profits	13,482,161.62
Reserve for Contingencies	3,178,350.14
Reserve for Taxes	2,928,072.63
Dividend (Payable July 1, 1943)	875,000.00
Unearned Discount and Accrued Interest	152,315.08
Acceptances	2,479,339.58
Deposits	722,821,101.71
	<u>\$780,916,340.76</u>

EVAN RANDOLPH, *President*

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Philadelphia, Pa.

THE INDIANA NATIONAL BANK

OF INDIANAPOLIS

Officers

ARTHUR V. BROWN	Chairman of the Board
WILLIAM G. IRWIN	President
WILSON MOTHERSHEAD	Vice-President
GWYNN F. PATTERSON	Vice-President
WILLIAM P. FLYNN	Vice-President
PAUL C. BUCKLER	Vice-Pres. and Cashier
HARRY R. FULLER	Vice-President
ROBERT B. MALLOCH	Vice-President
CLARENCE T. BRADY	Vice-President
C. MERLE BROCKWAY	Vice-President
EDWARD C. W. WISCHMEIER	Vice-President
LUDWIG G. BURCK	Asst. Vice-Pres.
JOHN W. KELLER	Asst. Vice-Pres.
BYRON D. BOWERS	Asst. Vice-Pres.
HENRY A. PFARRER	Asst. Vice-Pres.
JOHN R. FLETCHER	Assistant Cashier
RUSSELL F. PETERSEN	Assistant Cashier
CARL C. KOEPPER	Assistant Cashier
FRANK W. DURGAN	Assistant Cashier
HARRY H. WINTRODE	Assistant Cashier
LEON J. BOERSIG	Assistant Cashier
LESTER H. RAHN	Assistant Cashier
J. KURT MAHRDT	Auditor

*On leave in service of the United States.

Directors

ROY E. ADAMS	President, J. D. Adams Manufacturing Co.
CORNELIUS O. ALIG	Treasurer, The Union Trust Co. of Indianapolis
FRED G. APPEL	President, Gregory & Appel, Incorporated
C. HARVEY BRADLEY	President, W. J. Holliday & Co.
ARTHUR V. BROWN	Chairman of the Board
VOLNEY MALOTT BROWN	President, The Union Trust Co. of Indianapolis
FERMOR S. CANNON	President, Railroadmen's Federal Savings & Loan Association
G. A. EFROYMSON	President, Real Silk Hosiery Mills, Inc.
BRODEHURST ELSEY	Secretary-Treasurer, Indianapolis Glove Co.
EDGAR H. EVANS	Chairman of Board, Acme-Evans Co.
WILLIAM P. FLYNN	Vice-President
JAQUELIN S. HOLLIDAY	Chairman of Board, W. J. Holliday & Company
WILLIAM G. IRWIN	President
HERMAN C. KRANNERT	President-Treasurer, Inland Container Corp.
JOHN J. MADDEN	President, John J. Madden Manufacturing Co.
WILSON MOTHERSHEAD	Vice-President
GWYNN F. PATTERSON	Vice-President
NORMAN A. PERRY	
CHARLES S. RAUH	President, Belt Railroad and Stock Yards Co.
PETER C. REILLY	President, Republic Creosoting Co.
OBIE J. SMITH	President, O. J. Smith Realty Co.
SAMUEL B. SUTPHIN	President, Beveridge Paper Co.
RUSSELL L. WHITE	President, White Baking Co.



STATEMENT OF CONDITION JUNE 30, 1943

RESOURCES

Cash on hand and on Deposit with Federal Reserve and other Banks	\$ 77,461,384.93	} \$194,521,755.57
U. S. Government Securities	117,060,370.64	
Other Bonds and Securities		24,392,708.83
Stock in The Federal Reserve Bank		300,000.00
Loans and Discounts		21,660,014.75
Banking House		650,000.00
Other Real Estate Owned		5.00
Accrued Interest Receivable		538,402.04
Other Resources		64,696.44
		\$242,127,582.63

LIABILITIES

Capital	\$4,000,000.00	} \$ 14,180,722.18
Surplus	6,000,000.00	
Undivided Profits	4,180,722.18	
Interest, Taxes and Other Expenses Accrued and Unpaid		444,264.60
Dividend Payable July 1, 1943		70,000.00
Deposits		227,394,945.68
Unearned Discount		27,822.41
Other Liabilities		9,827.76
		\$242,127,582.63





Due to the character of the information contained in this portfolio, it is not for general distribution. It is available for review through local Burroughs offices, to industrial and government officials directly concerned with war accounting problems.

Behind each tab is a SAVING IN MANPOWER

Behind each of these tabs there is detailed, comprehensive information describing and illustrating how a specific war accounting job is being handled in the fastest time possible, with the greatest possible saving in manpower.

Altogether, this information represents the combined efforts of many men—officers in the armed services, government officials, war plant executives and Burroughs systems and installation men. Since long before Pearl Harbor, they have been working together in setting up and coordinating government and industrial accounting procedures and practices.

It is gratifying to know that Burroughs' experienced technical staff has been able to contribute so much to so important a task—and that, through this portfolio, so many ideas for saving both time and manpower can be made available to others.

BURROUGHS ADDING MACHINE COMPANY • DETROIT, MICH.



Burroughs

Figuring, Accounting and Statistical Machines • Nationwide Maintenance Service
Carbon Paper, Roll Paper, Ribbons and Other Office Machine Supplies

What, No Tires?



A Special Checking Account Plan Lacks Something Vital, too – Unless You Can Keep It Moving

If you offer—or expect to offer—Special Checking Accounts, ask yourself these questions:

1. Is there a profitable market?

2. What is the proved method of obtaining VOLUME?

ANSWER #1 More people have more money than they have ever had before. They need a safe place to put it. They haven't time to pay bills in cash or to wait in line for money orders. They need the safety and convenience of checking accounts, without minimum balance restrictions. And they are willing to "pay as they go."

ANSWER #2 Todd Special Checking Account Services offer you a choice of plans you can adapt to your individual needs, *plus result-getting promotional material that has been tested and proved profitable by banks throughout the Nation.*

THIS COUPON WILL BRING YOU THE DETAILS

THE TODD COMPANY, INC., ROCHESTER 3, NEW YORK

I should like to have more details about the Todd Special Checking Account Services and the promotional material that helps get profitable accounts.

BANK NAME _____

ADDRESS _____

BY _____

B-8-43

Todd
COMPANY, INC.



ROCHESTER NEW YORK
OFFICES IN ALL PRINCIPAL CITIES

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUGUST 1943

Checking Government Checks

In June BANKING published a picture story on the War Department's Office of Dependency Benefits at Newark, New Jersey, which issues 3,000,000 checks a month to soldiers' families. The article below tells more about ODB's work, with emphasis on forgery and loss prevention.

THE annual loss to the American public due to the misuse of commercial checks is estimated at between \$50,000,000 and \$300,000,000. The loss in the ever-increasing volume of government checks issued to meet the diverse wartime needs of the nation, too, is reaching alarming figures.

This loss—primarily through theft and forgery—presents a threat to our economic security, a threat particularly grave in time of war. A concerted effort is therefore being made by the Federal Government, with the cooperation of banking institutions and business houses, to reduce the staggering sum, especially with respect to those government checks which have special significance in maintaining the strength of the home front.

Among the front-line fighters in this protective phase

of America's total war effort are the bank clerks, for they are best able to educate the check recipient and neighborhood retailer in the intelligent handling of checks. They can help to ferret out the forgers who play into the hands of enemy saboteurs by their destructive activities. Their vigilance, in particular, is needed in the cashing of government checks disbursed for the payment of servicemen's family benefits.

This is no small task. According to Treasury Department figures, more than 160 million government checks were issued during the fiscal year 1942-43. Family allowance and allotment-of-pay checks issued by the War Department Office of Dependency Benefits in Newark, New Jersey, comprise a large portion of that total. These checks benefit seven and a half million dependents of Army men, according to the director, Brigadier General H. N. Gilbert, U.S.A.

ODB checks represent payments on soldier family benefits: the family allowance, the Class E allotment-of-pay, and the dependency allotment-of-pay. The family allowance, provided by the Servicemen's Dependents Allowance Act of 1942, consists of a deduction

The right and the wrong way to receive soldiers' allotment checks . . . "Ask the postman to signal you when your check arrives"



from the soldier's pay and an added contribution from the Government. Allotments-of-pay come *entirely* from the soldiers' pay. The Class E allotment is voluntary and may be made by all men in the Army for the support of dependents, for the soldier's or the dependent's bank account or for the payment of premiums on the soldier's civilian life insurance policy. Of ODB's million and a half Class E allotment-of-pay accounts now in effect, 114,052 are authorized for payment to banks for personal savings or checking accounts. The ODB sends over \$18 million for deposit to these accounts every month.

Although more than 98 per cent of ODB checks are delivered safely into the hands of their appropriate payees each month, a small percentage—about 1.3—fails to reach its destination. Of nearly 4,000,000 checks now being disbursed each month, 40,000 are returned to the ODB and, at present, about \$6 million in returned checks await claimants. Practically all of these 40,000 checks are returned because soldiers' dependents have moved without notifying the proper authorities of their new address, or because soldiers or their families have given incomplete or illegibly written names and addresses on their family allowance applications.

IN addition to the 40,000 *returned* checks each month, many others are lost through careless handling by those who receive them. Some are accidentally torn, others are burnt by children or misplaced by adults. But a large number of the missing checks are stolen by criminals. They are left lying around the house, or in unlocked mail boxes where they invite theft. In one case, the mother of a soldier, who had received her ODB check at the dinner table of the boarding house where she was staying, left her check in its opened envelope lying on the table beside her bed when she took an after-dinner nap.

A short time later, there was a knock at the front door. No response. Another knock, then the door was pushed open by a girl in her teens who had come to collect an allegedly overdue bill from the landlady. She looked around, and, as the house seemed empty, was just about to leave when she saw the soldier's mother lying in bed. Tip-toeing closer, she noticed the letter on

the bed, quietly removed the check from its envelope, and walked quickly out of the house.

Shortly afterwards, she borrowed a pencil and laboriously endorsed the check by forging the name of the payee. Then she took it to the corner grocer and asked him to cash it, saying that she had received it as part of her wages. The grocer, however, was suspicious and refused her request. In the meantime, the soldier's mother had awakened and was frantic when she could not find the check upon which she depended for most of her living expenses.

Fortunately the check was recovered for its rightful owner when the girl's mother returned it to the police, after first erasing the endorsement which her daughter had written. The offender was quickly apprehended and sentenced under the Federal Juvenile Delinquency Act to two years in a reform school.

THIS case is not typical. As a rule, lost checks are not so quickly recovered and the distress caused by such loss demoralizes the members of a soldier's family and tends to undermine the morale of those on the home front as well as their kin in uniform.

With this in mind, the Director of the Office of Dependency Benefits has extended to the U. S. Secret Service his fullest cooperation in the nationwide campaign for teaching the public to recognize fraudulent endorsements, to be cautious when cashing commercial and government checks, and to demand adequate proof of identity. ODB checks were among the first to bear on their face the instruction, "Require Identification—Know Your Endorser."

In addition, the ODB carries on its own check-safety educational campaign among soldiers' dependents with each check mailing. The ODB "gets 'em paid" by means of a streamlined accounting and disbursing system. Checks are machine-written, machine-signed and dated, and machine-inserted and sealed into envelopes. Inserted with the checks are slips which carry the following advice to payees:

1. Be sure that your name is plainly visible on the mail box.

"One of the most frequent reasons given for the loss of a check is a letter box without a lock. Second to this comes the reports of 'jimmied' mail boxes. But whether an ODB check disappears from a mail box, is lost in the street, or is stolen, it must be endorsed before it can be cashed."



2. Ask the postman to signal you when your check arrives.

3. Cash your check at the same place every month. You will have less difficulty in identifying yourself.

4. Do not endorse your check until you are in the presence of the person who cashes it for you.

5. In endorsing, write your name exactly as it appears on the face of the check.

6. If you are going to move, send your new address at once to your postmaster and to the Office of Dependency Benefits, Newark, New Jersey.

Every precaution for the protection of soldiers' benefit checks is taken within the ODB. Not only is the personnel of the ODB Disbursing Branch, which issues the checks, experienced and trustworthy, but operations are checked and rechecked many times by hand and by machine.

Returned checks are routed through the Cashier Section of the Branch, where a search for the correct name and address is initiated. When a payee's whereabouts are determined, the check is remailed.

Notification to the ODB of a lost check brings immediate action. A stop-payment request is forwarded by the ODB Disbursing Branch to the Federal Reserve bank through which negotiated ODB checks clear. From there, the information is routed to the Treasury Department in Washington. When a case of fraudulent endorsement is disclosed, the U. S. Secret Service receives full information and a photostatic copy of the check involved, so that it may be traced and the offender quickly brought to justice.

Not all lost checks are stolen, of course. Some are lost through accidents. One such accident could have furnished Mack Sennett with food for clowning. Recently, a mail pouch in which there were some ODB checks hung on the pick-up hook at Solomon, Kansas, waiting for the fast express to snap it up as it shot by. Something slipped, and instead of lifting the bag into the mail car, the pick-up rod released the mail bag from the hook. It fell underneath the wheels of the speeding train and was chopped into thousands of pieces. Not all the wisdom of Solomon (Kansas) could bring order out of this chaos, so the station master sent the pieces and bits of check he could find back to the ODB. The mutilated checks had to be jig-sawed together, identified by the Disbursing Branch of the ODB, and then duplicated by the Treasury Department. The aftermath of the accident was no laughing matter.

In another instance, bits of a bleached ODB check, with its amount almost obliterated, arrived at the ODB, accompanied by the following letter:

"Children got it without our knowledge. It was washed and boiled in the clothes. Please make a duplicate. I will be grateful and it will not happen again."

Request for a duplicate, of course, was forwarded to the Treasury Department. Meanwhile, this soldier's wife had a long wait ahead of her for her family allowance payment. Records must be searched before duplicate checks can be written.

A precaution against fraudulent changes on the face of checks, is used in the manufacture of ODB and other government checks. The surface is covered with green



PHOTOGRAPHS COURTESY U. S. SECRET SERVICE

"It is at this point that the educational work of the bank teller can prove of inestimable value. Tellers can teach retailers to demand proper and sufficient identification when cashing checks. They can publicize the fact that the one who changes a fraudulently endorsed check will bear the loss. And the teller can be on the alert, too, for the marks of a forger."

pigment which is easily removed and serves as an excellent erasure detector.

One Tennessee bank teller was right on his toes when a fidgety young man stepped up to his window and thrust a \$50 ODB check through the opening. It was payable to the wife of a soldier. (Incidentally, all ODB checks contain not only the name and address of the payee, but the name and serial number of the soldier concerned. Besides this, all essential facts like this are key-punched, each hole signifying a fact translatable by machine.) The check offered by the fidgety young man was twice endorsed in pencil. When asked for identification, the young man offered his driver's license. All three signatures looked identical. The cardboard ODB check had also been folded a number of times, in violation of the instructions which are printed on each check, "Do not fold, spindle, or mutilate."

The bank teller excused himself from the window for a moment and called the police. His suspicions proved well-founded. The forger admitted that he had taken the ODB check from a mail box. He was sentenced to two years' imprisonment. The check was returned to the soldier's wife, who was just convalescing from an attack of pneumonia. The missing check which she had counted upon to help meet expenses, had caused her and her husband, a private in training at a Maryland Army camp, much worry. But in this instance, the quick action of an alert bank clerk prevented her distress from being prolonged.

"In following the example of their alert colleague, bank tellers in the 14,885 banks of America can contribute a great deal to the nationwide check-safety campaign," General Gilbert says. "They can educate payees and check cashers in the few simple rules for the intelligent negotiation of checks which may entirely eliminate loss due to check forgeries. They can observe caution when cashing government checks. In this way, they will assist in the present campaign against theft and sabotage. And they will help sustain the morale of an important part of the home front."



BRITISH INFORMATION SERVICE

These British workers are exhibiting the peacetime (medals and trophies) and wartime (submachine guns) products of their converted workshop

MR. HILL is trade and industrial editor of *The Economist*, London.

B RITAIN'S switch-over from peace to war production has necessitated drastic cuts in the output of consumers' goods. Production of nonessential articles, such as autos for private use, has been stopped completely. The construction of private dwellings has been virtually suspended. The output of household goods and clothing has been sharply curtailed and such articles as are still produced are of simple and, where possible, standardized design.

Output of clothing has been cut to about half its pre-war volume; that of many other articles by a good deal more. Reduction in the output of consumers' goods to bare essentials was not made at one fell swoop. The screw was tightened gradually, but it has now been turned to the limit.

The main object of cutting down the output of peacetime goods to bare essentials and of simplifying their designs obviously was to economize in labor, materials, machinery and plant space—that is to set free as large a volume of resources as possible for more urgent tasks. But it soon became clear that this object would not be fully achieved by the reduction in output alone, which had the wasteful effect of forcing individual plants to operate below—and often substantially below—capacity.

To obtain the full benefit of a cut in the production of any article or group of articles it was therefore necessary to go one step further and to concentrate the smaller volume of output into the fewest possible plants working full time in districts in which the demand for munition labor and munition plants was least pressing.

To this end Britain's Board of Trade—the government department responsible for the control of the greater part of consumers' goods other than food, inaugurated in March 1941 what has come to be known as the Concentration of Industry Scheme. Its object was not to obtain reduction in the output of consumers' goods (though sometimes further restrictions on output were imposed at the same time as concentration), but to concentrate the permitted volume of production into the smallest number and the most conveniently located plants, in order to release the greatest volume of manpower, machinery and plant space.

A subsidiary object was to preserve as much as possi-

Britain's Shrunk

ble of the peacetime structure of industry in order to enable concentrated industries to revert to normally competitive conditions after the war. The Government has undertaken to "take all measures open to them" to assist in reopening the closed plants after the war.

It would be misleading to liken the concentration of industry scheme to the simple and final process of shutting down certain plants and selecting others for full-time operation. It should be likened rather to a continuous process of adjustment spread over the whole period of industrial mobilization.

The Board of Trade's original concentration scheme embraced the following 30 industries:

Bedding, boots and shoes, braces, carpets and rugs (x), corsets, cartons and paper boxes, cutlery, cotton spinning, weaving and finishing (x), fountain pens, glass, gloves, hosiery, jewelry, lace, leather, linoleum and floor cloth, musical instruments, narrow fabrics, paper, photographic apparatus and materials, pianos, pottery (x), rayon, razor blades, silk, sports goods, toys, toilet preparations, umbrellas, wool, including dyeing and finishing.

(x=Industries covered by compensation schemes drawn up for the whole industry, i.e., schemes involving the creation of a central fund.)

By the end of 1941 the process of concentration envisaged by the original scheme had been virtually completed and something like 150,000 workers had been released for more urgent duties in munition industries or the fighting services.

BUT the first stage in concentration had hardly been completed when it became necessary to enlarge the scope of the program. Owing to the growing military demand for manpower and materials, the resources still devoted to the manufacture of consumers' goods had to be reduced further, to the lowest level compatible with the maintenance of the people's health and efficiency.

The second stage in concentration thus involved a further reduction in the number of establishments in the industries already slimmed as well as the extension of the process to additional industries or branches of industry. The additional industries affected by the process of concentration carried out by the Board of Trade are listed below:

China clay, lead sheets and pipes, conduit tubes, paint and varnish, clothing, pencils, fellmongery (x), printing ink, gas tubes, printing, hat hoods, saddlery and harness, glazed tiles (x), rubber footwear and latex, hosiery (i.e., additional branches including warp-knitting, dyeing and finishing), steel sheets (x), iron foundries, wood-working, including furniture, jute (x).

(x=Industries covered by compensation schemes drawn up for the whole industry, i.e., schemes involving the creation of a central fund.)

Reviewing the results of concentration recently, Mr. Dalton, president of the Board of Trade, pointed out

Industries

WALTER HILL

that altogether 235,000 workers had been released for enlistment with the fighting services or for industrial work, and that 61,000,000 square feet of plant space had been set free for other forms of production or for storage. No less than three-quarters of the labor force released was obtained from the cloth, hosiery, footwear, carpet and pottery industries. If it is remembered that the concentration of industry scheme was not designed to bring about a curtailment in production but merely to "concentrate" the reduced output in the smallest possible number of so-called "nucleus" firms, the results achieved have been well worth while. The number of workers released in the process represents about one-fifth of the total labor force of the industries concerned before the introduction of the scheme.

On the basis of present programs the policy of concentration has been carried out almost to the limit. Mr. Dalton stated that not a great deal more can be done except in the clothing and printing industries. It is expected that on the completion of the present program the number of workers released by concentration will reach 270,000 and the plant space set free for other uses 70,000,000 square feet.

CONCENTRATION is now proceeding in the clothing industry which comprises between 20,000 and 30,000 individual, often small, firms; three-quarters of the industry's total output is produced by 2,000 firms. By the middle of May, 209 establishments had been closed and 529 firms had obtained "nucleus" certificates.

The printing industry comprises many thousands of establishments, most of them small. The Board of Trade expects to be able to release 20,000 of the industry's labor force, inclusive of between 7,000 and 8,000 already released. Special care is being taken in order not to impede the publication of local newspapers.

As interesting as the results achieved by the Board of Trade's concentration scheme are the methods adopted. The basic method was to make it clear that the "nucleus" firm—the designation of the firms on which production was to be concentrated—would be in an advantageous position from the point of view of labor and materials. It was left to would-be nucleus firms to make such arrangements for absorbing the production of other concerns as would enable them to operate at capacity.

On the whole, this plan has been successful. In the majority of industries the response was such that the Board of Trade did not have to use its compulsory powers on a large scale. Since firms refusing to collaborate were faced with the probability of losing their labor and plants, or of having their raw material supplies cut off, this is scarcely surprising. In the larger industries concentration has been carried out mainly by voluntary schemes, but in industries consisting of a large number of small units, such as the jewelry, toy and sports goods trades, or of a small number of large but scattered units, the principle of self-selection of nucleus firms was more difficult to apply.

So far as the nature of the schemes actually adopted is concerned, the majority of concentrated industries have concluded agreements by which the "nucleus" firm manufactures at cost of its closed partners who continue to sell the products, and hence to share in the industry's profits. On the other hand, there are examples, such as the cotton spinning industry, where the closed-down plants merely receive a payment (derived from a levy on the spindles of "nucleus" firms in cotton spinning) to cover overhead and maintenance costs.

Some concentrated industries—indicated in the two preceding lists—are covered by compensation schemes based on the creation of a central fund fed by a levy on "nucleus" firms drawn up for the whole industry. In the other industries compensation or profit-sharing arrangements have been made between individual firms or small groups of firms.

Some of the original compensation and profit-sharing agreements have had to be revised when the industries were faced with the need for further concentration in 1942. There has been comparatively little complaint from the concentrated industries.

On the whole, however, financial difficulties have been avoided because the profits made on the reduced output have been sufficient to provide a reasonable measure of compensation to closed-down firms unable to take on other work, and because many plants have in fact switched over to war work.

The Board of Trade's Concentration of Industry Scheme has brought a substantial measure of rationalization to the consumers' goods industries under its control. The policy also has been applied to some of the food industries, such as soft drinks, and to brick-making.

There can be no doubt that concentration will have permanent effects on the industries affected by it. Provided the Government takes care to prevent the creation of monopolies, wartime concentration may pave the way towards greater efficiency.

British pottery is produced in white only. Lids of several articles are interchangeable; for example the top of the teapot here pictured converts a handleless cup into a jam pot

BRITISH INFORMATION SERVICES



Does Your Bank Need More Capital?

JAMES W. WOOSTER, JR.

MR. WOOSTER, *author of a book on bond investment, has been in banking and investment work for the past 15 years. Recently investment officer of a New England savings bank, he is now engaged in trust and administrative work for an estate. This article concludes his discussion, begun in July, of a subject that interests many banks.*

SOME banks may be considering the raising of additional capital. An important factor entering into their decision is the terms upon which such capital could be raised.

General background factors today are relatively favorable for the development of investment interest in bank equities. For one thing, most of the wreckage of the deflation of 1929-33 has been cleaned up—liquidated, written off or reserved against. Secondly, progress has been made in analyzing the costs of services rendered, and service charges are being directly levied as an offset to these operating costs. Income from these special charges combined with that from loans and discounts is in many cases sufficient to pay a large portion, if not all, of the expenses of operating the bank.

AN increasing share of income from investments is, therefore, applicable to the common stock. This investment income is largely "riskless" income—interest from government bonds. Through the operation of leverage, the yield from an indirect participation in government bond income through bank equities may be considerably greater than would be possible on a direct participation basis. In 1929 call money was 6 per cent or more, long term U. S. governments yielded around 3 per cent, but many bank stocks yielded 2½ per cent or less. From an income standpoint direct ownership of bank earning assets was preferable to indirect earnings participation by means of bank equities.

Today call money is 1 per cent, long term U. S. governments yield around 2 to 2½ per cent but many leading bank stocks, which earnings-wise represent to a large extent an indirect participation in these low yielding assets, can be bought to yield 4 per cent or more. This condition provides considerable income incentive for an investment in bank stocks.

There is increasing recognition, in Congress and with the public, of the desirability of keeping the private banking system strong. If it is to be kept strong, it must be kept profitable, and if it is kept profitable, then equity investments will justify the support of investors.

In raising additional bank capital certain direct, out-of-pocket, costs are involved. Underwriting expense, counsel fees, stockholder meeting costs, and other special charges may be incurred. It is difficult to generalize, but total direct costs should not represent a large percentage of the amount of new capital raised—not more than 1 per cent to 2 per cent.

More important to stockholders than direct expense are the indirect costs which the taking in of new partners may involve. These costs take the form of dilution of old stockholders' claims against assets and earnings.

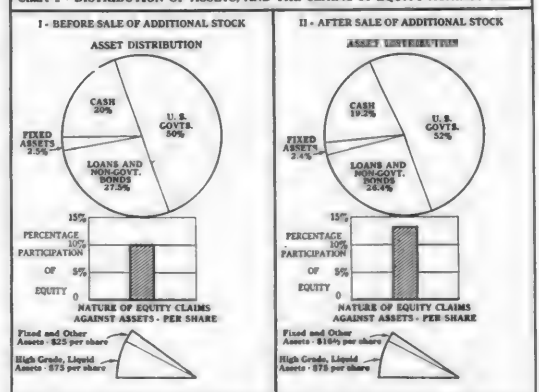
As an example of asset dilution, assume a bank with 10,000 shares of common stock; book value of \$100 per share; market value \$80 per share. If 5,000 shares of new stock are sold at \$75 per share, the total value of equity will rise from \$1,000,000 to \$1,375,000. However, there will be 15,000 shares with claims against this \$1,375,000, and book value per share will fall from \$100 to \$91⅔.

THE practical significance of this asset dilution is conditioned by several factors, including the following:

(1) As total equity is increased, it becomes a larger proportion of total assets, and therefore more senior in nature. If a bank had total assets of \$10,000,000 before the sale of additional stock, then equity of \$1,000,000 had a claim against 10 per cent of assets. After the sale of additional stock, assets would total \$10,375,000, and equity of \$1,375,000 would represent a 13.2 per cent claim against total assets. A claim representing a 13.2 per cent participation in assets is in a more conservative position than a 10 per cent participation.

(2) The raising of additional capital may change the character of assets which common stockholders' equity represents. In the case of the bank assumed above, prior to the raising of additional capital, cash may amount to \$2,000,000, United States Government obligations to \$5,000,000, loans, discounts and securities other than governments to \$2,750,000, and all other assets, consisting chiefly of bank building, furniture, fixtures and other real estate owned, to \$250,000. Since deposits have a claim on assets which is senior to the stockholder's claim, the items comprising the book value of the stockholders' interest are of a residual character. Therefore, \$1,000,000 of equity would be represented to the extent

Chart 1 - DISTRIBUTION OF ASSETS, AND THE CLAIMS OF EQUITY AGAINST THEM



of \$250,000 by the bank building and other fixed assets, and to the extent of \$750,000 by such items as loans, securities, governments and cash. On a per share basis, the book value of \$100 would consist of \$25 of nonliquid fixed items, and of \$75 of high grade liquid assets.

If additional stock is sold at a price to the bank of \$75 per share, the funds so obtained will appear on the balance sheet first as cash and shortly thereafter will be largely or entirely invested, presumably in government obligations, or other high grade earning assets. Fixed and "other" assets of the bank would not be increased, but would remain at \$250,000. Although this equals \$25 per share of old stock, it is only $\$16\frac{2}{3}$ per share of new stock. The book value of the new stock would be $\$91\frac{2}{3}$ per share. $\$16\frac{2}{3}$ of this value would be represented by fixed and "other" assets. The balance of \$75 per share would be represented by high grade liquid assets. This is the same amount of these assets, per share, against which stockholders had a claim prior to the raising of additional capital. This situation is illustrated in Chart 1.

THE reduction in book value from \$100 to $\$91\frac{2}{3}$ per share would not lessen the claim of old stockholders against the best assets of the bank. This claim would remain constant at \$75 per share of both old stock and new. The old stockholders would only be sharing their ownership claim against the bank building and other nonliquid assets. In return for this sharing, the old stockholders would receive the benefit of a larger proportionate participation in the total assets of the bank (an increase from 10 per cent to 13.2 per cent in the case assumed above).

Stockholders subscribing to new stock at \$75 per share would suffer no dilution whatever in their claim against the bank's assets; 100 shares of old stock, book value of \$100 per share, had a claim against \$10,000 book value of assets. Purchase of 50 additional shares at \$75 per share would require an investment of \$3,750; 150 shares of new stock, book value $\$91\frac{2}{3}$ per share, would have a claim against \$13,750 of assets, equal to the original claim of \$10,000 plus the additional investment of \$3,750. This is shown in Chart 2.

Stockholders considering an increase in their bank's common stock should also estimate to what extent per share *earnings*, as contrasted with *assets*, may suffer dilution as the result of taking new partners into their business.

The bank previously used as an illustration may be assumed to have gross income, before increasing capital funds, of \$240,000 annually. Expenses may be \$180,000 and net income available for common, \$60,000, or \$6 per share of stock. When the stock is increased, there will be 15,000 shares with pro rata claims against earnings. If net

remains at \$60,000, per share earnings will fall to \$4. However, the new capital which has been raised should contribute both directly and indirectly to the bank's net income, and should also increase the quality, and hence the value, of such earnings as are realized.

The direct contribution to earnings depends, of course, upon the use to which the new funds are put. There are several chief alternatives. Most banks are adequately supplied with cash and legal reserves. The amount of loans held is determined chiefly by the availability of sound paper. Therefore, in many cases, cash received from the sale of stock will be used to (1) retire preferred stock, or (2) purchase government bonds.

IF USED for purpose (1) the direct earnings contribution will depend on the rate of dividends on the stock retired. If the sale of 5,000 shares of stock at \$75 per share permits the retirement of \$375,000 of 3 per cent preferred stock, then \$11,250 will have been saved, before taxes. After taxes of 40 per cent, the net saving will be \$6,750. This will increase net income to \$66,750, equal to \$4.45 per share on the increased capitalization.

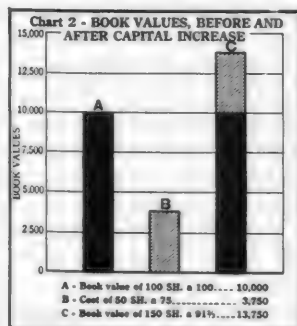
The funds obtained from the sale of stock may be used to purchase government bonds. The three issues of 2 $\frac{3}{4}$'s due from 1959 to 1965 yield on the average about 1 $\frac{1}{2}$ per cent after taxes. On \$375,000 this yield would produce \$5,625 annually, and would result in net income for the bank of \$65,625 or \$4.375 per share on 15,000 shares.

As in the case of assets, old stockholders who exercise their subscription rights would retain undiluted their proportionate claim against the bank's earnings. A holder of 100 shares of old stock had a claim of \$6 per share, or \$600, against total net income of \$60,000. If the new money earns \$5,625 annually, total net income would be \$65,625 or \$4.375 per share, equal to \$656.25 on the 150 shares owned after exercise of subscription rights. This \$656.25 would consist of the \$600 to which the 100 shares of old stock had a claim, plus \$56.25 representing the 1 $\frac{1}{2}$ per cent rate which the bank is assumed to be able to earn directly on the \$3,750 paid for the 50 additional shares subscribed for.

AN increase in capital increases the percentage participation of stockholders in the bank's assets (from 10 per cent to 13.2 per cent in the illustration used). It also increases the percentage participation of stockholders in earnings. If, before the issuance of additional stock, gross income was \$240,000 and net \$60,000, then stockholders had a 25 per cent participation in gross. If cash from the sale of new stock is invested in Government securities at 1 $\frac{1}{2}$ per cent tax free, then gross would rise to \$245,625 and net to \$65,625. On this basis, stockholders would have a 26.8 per cent participation in gross. The new money would increase net income without direct operating cost, and so raise the bank's profit margin. A high profit margin provides an excellent cushion to mitigate the unfavorable effect on net income of a reduction in gross.

In addition to direct contribution to net income which funds received from sale of common stock may provide, indirect contributions may also result.

(CONTINUED ON PAGE 76)



Renegotiation and Bank Loans

MAURICE KARKER

MR. KARKER is chairman of the War Department Price Adjustment Board.

AS THE volume of renegotiation of war contracts by the various price adjustment boards has increased, bankers have become more and more interested in the extent to which price adjustment may have repercussions on their loans to war contractors.

Insofar as price adjustment eliminates unexpected profits, it should have no effect one way or another on bank loans. And to a high degree excessive profits of war contractors are unexpected. In fixing their prices of war materiel contractors frequently had no way of judging costs accurately. This was because they were being asked to produce material with which they had no previous experience or because—where the products were standard—they were being asked to produce in unprecedented volume. In accordance with the dictates of sound business, contractors provided for contingencies which frequently did not develop. Increased volume, moreover, exerted strong leverage on net profits, since overhead and other elements of cost did not rise proportionately.

WHETHER or not profits of war contractors are running higher than they anticipated—or than loaning banks may have anticipated—bankers are concerned with the earnings of corporations to which they have made loans primarily from the standpoint of the security of interest and principal payment. Certain of its critics to the contrary notwithstanding, renegotiation never leads to losses. Renegotiation aims merely to eliminate excessive profits. By the same token, it leaves contractors with reasonable profits. And so long as loans were soundly placed in the first instance, reasonable profits should be ample to cover interest on them. As a matter of fact interest is of course considered as an element of cost, so that renegotiation merely affects the interest coverage. Since renegotiation cannot in itself result in corporate losses, there is no question about its impairing the ability of a corporation to maintain its interest payments provided the loan was not originally based on the expectation of excessive, unconscionable profits. And I am reasonably confident that the genus American banker has not so radically changed since Pearl Harbor as to have lost that innate conservatism and keen analytical ability which in the past has restrained him from making loans on the basis of hopes that the borrowers would be blessed by unforeseen windfalls.

So it is to the security of principal and how that security is affected by renegotiation that we can turn. And in general, the answer on this score is much the same. For the security of principal a banker looks to productivity of plant and equipment and liquidity of inventory. Special amortization provisions of the tax

law provide borrowers who have certificates of necessity with certain privileges which enhance the security of loans made on plant and equipment covered by the certificates. Termination clauses covering materials not processed, goods in process and finished goods not delivered give the war contractor protection far and away beyond anything war contractors had in 1918. These clauses are being refined and improved with a view to enhancing their value to the war contractor and providing him with the means to liquidate his inventory more rapidly than is even now the case.

THE whole question of the security of loans to war contractors is bound up with the outlook for the rest of the duration and for the post-war period. But while perhaps bankers would welcome additional security over and above that on which they had counted when placing loans—the additional security which would be provided by excessive war profits, such additional security would represent a windfall paid for by all the people through their taxes, paid for at the cost of aggravating inflationary tendencies, paid for perhaps by the public's retaliation against a system of private enterprise which was so unconscionable as to earn and retain excessive war profits.

A few additional points regarding renegotiation and its relationship to commercial banking are pertinent to this discussion.

It is no part of the function of renegotiation to provide over-extended contractors with capital funds or to finance production. Funds required for these purposes should be obtained from private or governmental sources—through ordinary bank loans, V loans, RFC loans or Defense Plant Corporation facilities. The purpose of the Renegotiation Act is to recover or prevent the acquisition of excessive profits. It would be obviously unfair and out of keeping with the spirit (and the letter) of the act to permit contractors in some instances to retain excessive profits for the purpose of financing their businesses.

SIMILARLY in the case of a company which has already, prior to renegotiation, paid out in dividends profits subsequently deemed to be excessive, the price adjustment boards cannot be directly concerned. Such a situation would illustrate forcibly the desirability for contractors to secure clearance by renegotiation promptly.

Is any consideration given to current loans in figuring allowable profits? Profits found to be excessive are not to be retained for the purpose of meeting loans. However, the nature of the loans is given consideration because the contractor who finances himself or arranges for private financing is entitled to a better profit, all other things being equal, than one who works with

(CONTINUED ON PAGE 79)

The Fifth Freedom

ALBERT JOURNEY

MR. JOURNEY is vice-president of The Purse Company, Chicago.

WHAT is of greatest interest to the wartime trust prospect? Does he read the trust advertising directed to him? How does he react to it? What are his objections to trust service? Is he concerned about his family's future safety?

These and many other questions, the answers to which would serve as a checkup on current trust advertising, prompted me to make a personal survey of the current thinking of the trust prospect and the manner in which he is reacting to trust advertising.

Similar surveys had been made by the writer in other periods—for example, in the bonanza days preceding the depression, and again during the dark days of the early 1930's. In those instances the information gleaned was of inestimable value in planning trust programs, and it was hoped that such a study under today's conditions might reveal facts of equal value.

Evansville, Indiana, was selected as the location of my survey. It is a typical American city with a reasonable amount of established wealth. Its industries are running full blast under the impetus of war production.

One of Mr. Journey's conclusions is that many men "now believe that the right to accumulate property through personal initiative is the Fifth Freedom." Below, a trust ad prepared by the A.B.A. Advertising Department

FOUR FREEDOMS TRUST SERVICE CAN PROVIDE

To your family our trust service can bring:

FREEDOM FROM WORRY. Our facilities and organization assure efficient handling of your estate.

FREEDOM FROM "PRESSURE". The inevitable investment "advice" of friends and others will bother your family little if we are managing the investments.

FREEDOM FROM INVESTMENT DETAIL. We can handle all phases of investment management.

FREEDOM FROM LOSSES DUE TO INEXPERIENCE. Lack of experience takes an inevitable toll. You can be assured of efficient management by naming us as Trustee.

Its trust departments, while not large, have a record of successful performance. The Old National Bank of that city is in the second year of a trust advertising program which has been set up on a long-term basis. Its trust department is modern and offers service that compares favorably with the best trust departments in other cities. It is headed by Robert E. Towey. He and the trust committee, as well as the other officers of the bank, felt much good might come from such a survey and gave their fullest cooperation.

The first step was to select the people to be interviewed. The officers took a cross section of the mailing list, including a number of prominent business men in varied industries and some professional men.

The names chosen were mainly of prospects who had not replied to the advertising messages. Under the bank's system of officer contact with prospects, many of the 30 per cent of the list who had responded to the current advertising had been informally contacted. We were shooting at the 70 per cent who had so far given no evidence of interest. In other words, we were not trying to build a rosy picture for the work that had been done but rather to get information which would help us do an even better job.

I made my calls without benefit of introduction by the bank's officers. It was thought that the reaction might be better if I simply went in "cold," explained that I was seeking the information because my company was investing, in advertising, a large amount of money annually for trust institutions all over the country and frankly sought the cooperation of the individual in checking on the situation. This proved an effective introduction, for everyone called on was courteously cooperative. Perhaps they talked to me more freely because I was from out of town and because I had nothing to sell. I did tell them that I had selected their names because they had been receiving the advertising from the Old National Bank's trust department.

AFTER gaining their permission to ask a few questions I showed them specimens of letters and folders that the bank had been sending out. In reply to a question as to whether they had been reading this material, practically 100 per cent replied affirmatively. Some, however, stated that they had not read all the mailings but had glanced at them as received. This was especially interesting in view of the fact that there have been suggestions that today men were too busy to read advertising.

Since there has always been a question as to whether too many messages from a trust department annoy some people, the next question sought to learn whether the prospects thought these messages came at too frequent intervals (mailings had been at 45-day periods over a period of a year and a half). The replies indicated

that in this period the information was welcomed. Even though some men felt they had no trust problem and did not expect to use the trust department, they were glad to get the messages as a means of keeping them abreast of the developments in the matter of family protection. One man said: "Some day I may want to change my present plan." It was evident from their remarks that the regular receipt of the mailings not only tended to give the prospect added information but also served as a sort of a "burr under his saddle" to keep before him the need for action.

THEN I went digging around to see what I could unearth in the way of objections to trust service. The most common one concerned trust institutions' charges for settling an estate.

With some wealthy people who shop around for a low fee for trust service the question may be one of actual dollars and cents. In such a case, for example, the prospect wants to buy a \$1,000 job for \$600.

But the "cost problem" in the average case is not so much dollars and cents, for few prospects have any idea of what the trust institution's charges are. Their belief that it "costs a lot of money to hire a trust company" appears to result from newspaper stories, coupled with the curbstone tales about estates that have dwindled in the hands of corporate executors. They have read and heard of such cases and it has built up in their minds the belief that the trust institution, along with the lawyer, exacts such terrific and often unjustified fees from an estate that little is left for the heirs.

Perhaps this indicates that trust institutions may have gone too far in raising the bugaboo of estate shrinkage.

Here is another trust department promotion ad distributed by the A.B.A.



Out with the old world - On with the new

• That is the spirit that will build the post-war world. Change is inevitable. Will you want your family to face this new, changing world alone? Or do you want them to have the competent help and guidance of our experienced trust institution? We would like to explain how you and your family will benefit by using our Trust Services. When may we?

Certainly it brings up the weakness of their press relations, due in some instances to the confidential nature of their business. The bad news, partly told, gets in the paper but the favorable news about estates seldom gets there. Also there is rarely an opportunity to refute the distorted tales of estate disaster that are spread about by well meaning but misinformed people.

In other studies and contacts I had found some questions in prospects' minds as to the trust institution's investment methods. Especially where a family business formed the major part of the estate, as it so often does, I had found many who believed that the first step the trust institution would take would be to sell out the stock in the business, often at a huge sacrifice, and put the proceeds in government or other triple A securities which would thereafter cause the trust institution little work and no worry but would sharply reduce the family's income.

It has even been suggested that the sale of the stock would be made to officers of the trust institution or to friends of theirs. Apparently this unfounded belief is not as prevalent as it was, for this picture was painted to me only once in this study.

Not exactly as an objection but by way of comment, one sales-minded prospect asked why the bank's officers never followed their advertising with a sales effort. He voiced the opinion that they were just "too damned fond of the soft seats in their chairs." There is a measure of truth in this criticism as applied to some institutions but in the Old National, as in many other progressive banks, officers working on a definite plan are multiplying their personal contacts with customers and prospects. The result is a closer alliance between the bank and the people than ever before and, in addition, a decided pickup in new business.

Perhaps the most definite impression gleaned from the survey was of the value of such personal calls if the bank is to reap the full benefit of its investment in advertising. My first two days' visits, for example, turned up one man whose estate is substantial, who had been prompted by the advertising to name the bank his executor. The bank had no knowledge of this, nor had the prospect, in setting up his plan, had the advantage of the bank's suggestions. In addition, four excellent prospects were uncovered. In each case, getting the business depended on the explanation of some question in the prospect's mind, or on the trust officer's encouraging the prospect to take the necessary time to protect his family. All four were 75 per cent sold; the other 25 per cent was largely procrastination that had to be overcome.

One of the problems the trust officer in the smaller city faces might be termed the "personality" angle. In the larger cities the institutional angle is prevalent. In New York, for example, people think of the large banks as institutions. But in smaller cities the bank is regarded as a collection of individuals and the acts of any one of these individuals reflects favorably or unfavorably on the institution. A banker, being a prominent citizen, lives somewhat of a gold-fish existence.

An unpopular director or officer can block a lot of business in the smaller city. Naturally, therefore, I was interested in the public relations angle in

(CONTINUED ON PAGE 83)

BANKING NEWS

War and Hemisphere Economics Feature September Conference

A.B.A. Membership Gains 44 in Month

Minnesota and Ohio Make Good Returns

Forty-four banks were added to the A.B.A. membership in June, including 24 new members and 20 regained, although June usually is not a productive membership month.

N. A. Welle, vice-president of Minnesota, with his contingent of supersalesmen, especially B. Murray Peyton, prevailed upon nine former members to rejoin.

The vice-president for Ohio, A. C. Johnston, led in the number of new members obtained. In addition to the six new members, another bank was regained, bringing the total for Ohio to seven.

In obtaining three new members and one regained, Vice-president Max Stieg brought the membership in Wisconsin to over 500, thereby qualifying another representative on the Executive Council.

The total membership on July 1 was 14,554, which brought the percentage for the country to 89.6.

The following states have recently attained 90 per cent membership in the A.B.A.: Connecticut, Georgia, Maryland and Tennessee.

War Loans Book Ready

The "War Loans" book of the Bank Management Commission, covering assignment of claims under government contracts, Regulation V guaranteed loans, renegotiation of government contracts, termination of government contracts, and Regulation V loan agreements, has been completed.

Clinic to Test Job Instructor Training; Institute Interested

Job instructor training—one of the teaching programs used by the War Manpower Commission in plants employing 6,000,000 people—will be tested in an initial clinic in New York City August 2 to 6 with a view to its possible adoption as a part of the American Institute of Banking curriculum this Autumn.

New York, New Jersey and Connecticut will be designated as a test area and hand-picked men from A.I.B. chapters in those states are scheduled to meet in New York for brief instruction in methods they will use to conduct the program in their own communities.

Three-Day Session in New York Will Hear Prominent Speakers on World, Home Problems

The broad aspects of wartime and post-war economics are to be stressed at the wartime conference of the American Bankers Association in New York City on September 12-15.

Although the program being prepared under President W. L. Hemingway's direction is not complete at the time we go to press, work on it is well under way. Domestic, inter-American and international economics will be the topics discussed on three separate divisions of the Conference.



W. L. Hemingway

Mexican Banker to Speak

A partial list of general conference speakers includes Luis G. Legorreta, president, Banco Nacional de Mexico, S. A., Mexico City, who as president of the Mexican Bankers Association is repaying President Hemingway's good neighbor visit to Mexico at the time of the convention of the M.B.A. in May.

Other speakers are Dr. Henry M. Wriston, president, Brown University and author of several books on international relations; Joseph C. Rovensky, vice-president, The Chase National Bank of New York, formerly Assistant Co-ordinator of Inter-American Affairs; Robert Strickland, president, Trust Company of Georgia, Atlanta; C. W. Bailey, president, First National Bank of Clarks-ville, Tenn. Plans are also being made to have British and Canadian speakers.

Divisional Meetings

Divisional conferences will be held as usual. Speakers at the Trust and Savings division conferences had not been confirmed at presstime. Louis S. Headley, vice-president, First Trust Company of Saint Paul State Bank, St. Paul, Minn., and W. W. Slocum, president, (Continued on page 34)

Wider Interest in Bank Legislation Is Needed, Withers Tells State Associations

Carl K. Withers, chairman of the A.B.A. Committee on State Legislation, called attention of state legislative committees and state secretaries to the need for strengthening and preserving the dual system of banking in a recent bulletin.

With it was enclosed a copy of an address by Dr. Eugene E. Agger, Commissioner of Banking and Insurance for New Jersey and author and teacher of banking and economics entitled, "Let Us Preserve Our Dual Banking System," and a copy of the Texas Banking Code of 1943.

"As so strongly emphasized by Dr. Agger," Mr. Withers wrote, "strong forces have been at work for a number of years in this country aiming not only at the increase of centralization of government, but also as collateral to, and of equal impor-

tance with, the attainment of such objective, at the control of banking and credit.

"Steps in the direction of such control were taken during the crisis in the early 30's. Further steps may be taken with even more force and permanence during any future period of uncertainty—unless the weaknesses of the present banking and credit system are recognized and corrected—not after the war, but now!

"It is for these reasons among others that the A.B.A. Committee on State Legislation is redoubling its efforts to encourage wider interest and aggressive leadership in matters of state legislation—so necessary to the building of a stronger state banking structure and the preservation of the dual system of banking in the United States."

A.B.A. September Conference

(Continued from page 33)

The United Savings Bank, Detroit, are the respective heads of the Trust and Savings divisions and will preside at these conferences.

Clyde D. Harris, president, First National Bank, Cape Girardeau, Mo., and Dr. Marcus Nadler, professor of finance, New York University, will speak at the National Bank Division conference. S. A. Phillips, vice-president, First National Bank, Louisville, is the president of this Division.

Richard W. Trefz, president, Beatrice State Bank, Beatrice, Nebr.; W. W. McEachern, president, Union Trust Company, St. Petersburg, Fla.; and Claude F. Pack, president, Home State Bank, Kansas City, Kans., will speak at the State Bank Division conference, which will be presided

over by Division President Frank P. Powers, president, Kanabec State Bank, Mora, Minn.

A panel discussion on economics will be held on the evening of Sept. 13, under the leadership of Dr. Paul F. Cadman, A.B.A. economist.

On the same evening the A.B.A. will give a dinner honoring state supervisors of banks and state bankers association secretaries. Joseph Earl Perry, Commissioner of Banks for Massachusetts and president of the National Association of Supervisors of State Banks, will be the principal speaker.

As previously announced, this will be a streamlined convention, with no entertainment features, and attendance limited to not more than one representative from each A.B.A.

G.S.B. Savings Group Elects Officers

Thomas S. Sites of the Dime Savings Bank in Brooklyn, N. Y., was elected chairman of the Savings Group in the Graduate School of Banking at the 1943 session.

He succeeds Robert F. Clark of the Dedham Institution for Savings at Dedham, Mass.

This is an informal group within the Graduate School student body devoted to the

mutual interests of savings bankers and investment men.

George L. Emery of the Worcester County Institution for Savings at Worcester, Mass., was elected secretary, and Malcolm M. Johnson of the Southern Ohio Savings Bank & Trust Company, Cincinnati, was elected treasurer, to serve until the next resident session of the G.S.B. in June 1944.

Savings Bankers Emery, Sites and Johnson



Crossley President of G.S.B. '43 Class

Robert J. Crossley, assistant cashier of The First National Bank, Chicago, was elected president of the Class of 1943 of the Graduate School of Banking, at the permanent organization meeting of the class.

L. C. Owens, Jr., assistant vice-president of the Bank of New York in New York City, was elected secretary of the class.

Alec B. Stevenson, American National Bank, Nashville, was elected to the School's Board of Regents from the class.



Messrs. Crossley, Owens and Stevenson on the way to a class at Rutgers during the 1943 resident session

member bank in deference to the nation's transportation shortage.

Business to come before the convention will include the election of officers and action on important amendments to the Association's constitution.

A.I.B. Plans 3 New Textbooks for Fall

Three new textbooks for use in American Institute of Banking courses are nearing completion and it is expected that they will be ready for use this Fall.

The first and more important work is a new text on bank operations entitled "The Fundamentals of Banking."

The others are a manual on bank bookkeeping and a manual for tellers.

F.A.A. Convention Set for Oct. 19-21

The dates of the Financial Advertisers Association convention at Chicago have been changed from Sept. 22 and 23 to Oct. 19-21.

Preston E. Reed, executive vice-president, explained that during September association members will be working full time on the war loan drive.

I.B.A. to Meet Nov. 3-5 in New York City

The annual meeting of the Investment Bankers Association of America this year will be a three-day all-business session devoted principally to problems of war finance and private financing after the war. It will be held in New York, Nov. 3, 4 and 5.



J. C. Folger

John C. Folger, president of Folger, Nolan & Co., of Washington, D. C., has been nominated as president of the association for the next year.

Hal H. Dewar of Dewar, Robertson & Pancoast, San Antonio and Walter J. Monro of Schoellkopf, Hutton & Pomerooy, Buffalo, have been elected governors.

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

Sept. 12-15 American Bankers Association, Wartime Conference, Waldorf-Astoria, New York City

State Associations

Sept. 5-7 Iowa, Des Moines

Other Organizations

Sept. 9-10 Savings Banks Association of Maine, Poland
Sept. 23-25 Mortgage Bankers Association, Drake Hotel, Chicago
Oct. 19-21 Financial Advertisers Association, Edgewater Beach Hotel, Chicago
Nov. 3-5 Investments Bankers Association of America, New York

Sparklers for Speakers

THE person who wishes to make an effective speech or who would like to make his conversation richer and more interesting will find the use of illustrations from biography, plays and general literature of great value.

In biography, for example, one finds illustrations of achievement, persistence, courage, tact, patience and humor which are entertaining, instructive and frequently inspiring. Few stories are of more interest than those from great lives. For humility in victory stand with Grant at Appomattox Court House as he salutes in silence the departing Lee and later writes, "My own feelings were sad and depressed. I felt like anything rather than rejoicing at the downfall of a foe who had fought so long and valiantly." For persistence read the life of Woolworth with three failures out of his first five stores, or watch Michelangelo working seven years to complete his matchless "Creation" and "The Last Judgment." For determination hear Disraeli shout as he was hissed down in his first speech in the House of Parliament: "The time will come when you will hear me."

One of the best stories on the lack of previous experience is the comment of the Mexican soldier as he was being led with Maximilian in the early dawn to be executed. Maximilian had attempted to establish a kingdom in Mexico, but his plan had failed. As he and one of his convicted Mexican associates were being taken to the execution, they heard the blare of a cornet. Maximilian said, "Is that the signal for the execution?" The Mexican replied, "I cannot say, sire; this is the first time I am being executed."

How may one acquire such stories? Simply by reading interesting biographies of great lives. Next month we shall discuss the use of quotations in enriching speech and conversation.

Now for some epigrams and a story or two.

Sam: "Listen heah, boy, jes' what kind of life you been livin'?"

Rastus: "Oh, ordinary, jes' ordinary."

Sam: "Well, if yo' pulls any mo' aces out o' yo' shoe, yo' ordinary life is goin' to mature."

Medical officer, after examining a mountaineer volunteering for service: "Sorry, we can't take you. You have flat feet, and they couldn't take it. You wouldn't be able to walk five miles."

Mountaineer: "That's too bad. 'Cause I just walked 50 miles to get here and I shore does hate to walk back again."



The great redeeming feature of our democratic government is that when Congressmen try everything else, they finally give up in despair and do the sensible thing.

An egotist is a person of questionable taste more interested in himself than in me.

Most business men after the war will favor Federal control—of Federal spending.

Nothing recedes like success.

Husband (irritably)—That's the second time you've asked what trumps are, dear.

Wife (sweetly)—Well, you want me to show a little interest in the game, don't you, dear?



It is easy to be in favor of government ownership of something that belongs to somebody else.

We wonder whether it ever occurred to the archeologists that some of the deserted cities they have discovered over the world may represent communities where people paid the taxes as long as they could and then moved.

"ARE you sure that you watered the plants in the drawing room, Norah?"

"Yes, ma'am. If you listen closely you can hear the water dripping on the carpet."

Sergeant: On my day off I think I'll visit one of those palmists, or maybe a mind-reader.

Buck Private: Go to a palmist. It's obvious that you have a palm.

Young Harry: "Father, what's the difference between a gun and a machine gun?"

Dad: "There is a big difference. It is just as if I spoke, and then your mother spoke."

Satisfaction is a state of mind produced when you witness another person's discomfort.

The one thing a short wave radio demonstrates is that the whole world is full of sopranos and crooners.

A statesman thinks he belongs to the nation, but a politician thinks the nation belongs to him.

This Nation at War

THREE banks—selected because of their outstanding contributions to the winning of the war and because they exemplify wartime banking in the United States—participated in the “This Nation at War” broadcast of the National Industrial Information Committee of the National Association of Manufacturers over the Blue Network on July 13.

Introducing the program to the radio audience, Narrator Jim Backus said:

“Tonight we bring you the story of the thousands of Americans—men and women—who are doing their part for Victory in the 15,000 banks of ‘This Nation at War.’ . . . Fifteen thousand banks that in some way or other touch the lives of every American. Like every other American industry, they have their wartime assignment and to show you how they are doing their job, we’re going to visit four of the 15,000 American banks this evening. First, a bank that is serving our armed forces; next a bank has helped many a peacetime industry to convert its plant to war production; we’ll visit another one that is proud to call itself a ‘country bank’; and finally, we’ll take you to a big city bank and see what becomes of the billions of dollar coupons that Americans ‘spend’ each week.”

First National Bank of Quantico, Virginia, was the first to be cut on to the “This Nation at War” program. From the bank lobby, Announcer Jim Gibbons interviewed Cashier H. Ewing Wall about how his bank serves the Marine Corps base. The bank, incidentally, was opened especially for the broadcast, from 10:30 to 11 P. M. Among other

things, Cashier Wall told how his bank on a Sunday in December 1941—a couple of weeks after Pearl Harbor—met a request from the Marines for \$6,000 for some men about to be shipped. This is Mr. Wall’s account of how he did it:

“I decided to see how much money I could raise from the merchants in town. I went up and down Potomac Avenue and explained the problem. Every merchant I approached said that if it was for the Marines, I could take everything in the cash register. In a few hours I had the \$6,000.”

Quartermaster Clerk Hugh F. Deakins, who, at the time of his promotion to Warrant Officer, had \$21,269 in accumulated Marine Corps salary due him and he had to draw it out. This is what he said he did with it:

“Why, I walked right in here to the Quantico bank and bought myself five \$5,000 War Bonds.”

From the First National Bank at Quantico, the broadcast was switched to Philadelphia, to the plant of The J. S. Thorn Company, which was enabled, through the assistance of its bank, to convert its steel window frame manufacturing plant to wartime manufacture of landing mats for airplanes and fin assemblies.

Foreman “Buck” Collins, a veteran of 18 years with the Thorn Company, was interviewed by WFIL Announcer Al Stevens on the war production work of his company.

The First National Bank of Clarksville, Tennessee, was next cut in on the program. President C. W. Bailey told how his bank serves the agricultural needs of this community, and then intro-

QUANTICO—left, below, Announcer Jim Gibbons, right, interviews Quartermaster Clerk Hugh F. Deakins in the First National Bank lobby. Right, below, First Sgt. Fred Whittaker and Narrator Gibbons talking over Sgt. Whittaker’s African landing. Marine Corps customers are shown transacting “business as usual” at First National

MARINE CORPS PHOTOGRAPHIC SECTION, MARINE CORPS SCHOOL, QUANTICO, VA.





ROBERT E. HARDING

PHILADELPHIA—above, left, Announcer Stevens, Foreman Collins, Thorn Company Treasurer W. R. Rake and WFIL Special Events Manager Jack Steck before the broadcast. Above, right, Announcer Stevens and Foreman Collins "on the air." Sections of Thorn Company airplane landing mat is shown in background

duced one of his "typical Clarksville farmer customers," Wade Hadley, who was interviewed by WSIX Announcer Jack Wolever.

C. R. Spencer, Clarksville manager of the B. F. Goodrich Company, followed Mr. Hadley at the mike and told how the First National serves his industry by handling its payroll account.

The Empire State Building Branch of the Manufacturers Trust Company, New York City, was another bank cut in on the "This Nation at War" broadcast. Here Michael Gilroy, a meat retailer, and Manufacturers Trust Vice-president George T. Newell, made their appearances. Mr. Gilroy told of his problem in collecting ration coupons from customers and Mr. Newell explained the depositing procedure.



HARRIS & EWING

NEW YORK CITY—at right, Butcher Gilroy, left, and Vice-president Newell survey the ration situation

CLARKSVILLE—below, right, President Bailey, second from right, telling about his bank's part in winning the war on the "farm front." Seated with him, left to right, Goodrich Manager Spencer, Farmer Hadley, and Announcer Wolever. Below, left, Farmer Hadley at the mike. With him, Messrs. Bailey, Wolever, and Spencer



Caretakers of People's Savings

LEVI P. SMITH

The president of the Burlington (Vermont) Savings Bank concludes a discussion, begun in BANKING for July, of savings deposit problems, including the vital question of encouraging thrift.

THE problem of savings deposits for the average bank has been intensified in recent years by the decreasing rate of interest on securities and other investments. Here the bank which does a combined type of business finds itself tempted to venture more and more into less liquid securities, and what is worse, into long-term bonds, with their dangers of extreme fluctuation.

It is likely that in view of present safeguards, and particularly in view of the powerful stabilizing effect of the Federal Deposit Insurance Corporation, which in the future should prevent depositor-panics, the importance of liquidity is no longer as great as bankers have become accustomed to consider it. Self-liquidating mortgage paper is a sound, non-fluctuating backlog for a bank's savings deposits. Furthermore, the alert banker who keeps his savings department strictly within bounds can find other loans of a type which will enable him to carry this service without allowing it to become too burdensome.

The fact that the commercial bank cannot purchase the long-term $2\frac{1}{2}$ per cent U. S. bonds, for which insurance companies, individuals and savings banks are eligible, gives it a good excuse for impressing upon its depositors that after all this savings account service is an accommodation carried on in addition to the commercial business of the bank for the benefit of the public. It can be made clear that this service is a convenience intended to supplement at a lower rate of interest such long-term dispositions of money as the individual himself may desire to make. It is in effect an overflow-account and as an overflow-business, there will always be a profitable place for it in many communities. Regarded in that light and handled accordingly, it can strengthen the average bank's position.

MENTION of War Bonds brings up a further current cause of questioning with regard to savings departments of commercial banks. The banker who regards such accounts as an unmitigated burden on his more profitable business will be likely to seize upon the patriotic appeal to the public to buy War Bonds as an excuse for complete abdication. A discriminating understanding of the Government's drive, however, will reveal that it is essentially a drive for current, rather than accumulated, savings. Merely to dump existing savings departments into the War Bond campaigns tends to detract from the real drive which is aimed to induce the public to tighten its belt and thus head off inflationary spending.

Again, the better policy would seem to be the more discriminating one, by which the banker would make himself the missionary of thrift, first out of current savings for the purchase of War Bonds and then out of further savings wherever possible for deposit in his own thrift department.

The shortage of man power in banks is just one more deterrent to be overcome by tapping new sources of efficiency. All along the line, bankers will be forced to overhaul their organizations with a view to bringing all lines of their business into proper relation with each other. It is inevitable that in such processes of overhauling and reorganization the right of way shall be given to those activities which are most profitable. However, in the interest of diversity and the broad appeal to the public, it is important here that a banker, instead of cutting out his savings department, take steps to make such savings accounts as he does take pay their way. The public will never resent a fully explained effort to put business on a permanently profitable basis. In fact, in the long run it will think the more of a bank for such a policy. The public does always tend to resent being neglected. People would rather be charged for too frequent withdrawals and limited in the rate of interest they are to receive than be given to understand that their money is not wanted. A committee of the New York State Bankers Association has been rendering notable service by investigating the abuses and burdens of savings accounts in commercial banks and recommending remedies for them which will make it possible for their banks to continue the service, while eliminating its unprofitable features.

THE emphasis placed by the FDIC on a definite ratio of capital assets to deposits has been mentioned as one more influence causing commercial banks all over the country to wonder whether in these times they would not get along better without their savings departments. If we are entering into a period when, owing to the cost of financing a global war, deposits of all kinds will be vastly increased, it is natural for banks to question whether they will not have in their commercial departments all the deposits to which their capitalization will entitle them. Undoubtedly this trend will have its influence in causing commercial banks to limit the relative amount of deposits which they will consent to take on a savings or time basis and to restrict further the burdens and costs of such deposits. It is likely, however, that capital requirements will be further modified to meet any such situation, and it is doubtful if banks will be justified even by such compelling reasons in cutting themselves off from a public which comes to them with savings to be served.

The conclusion would seem to be that in each com-

(CONTINUED ON PAGE 81)

THE ART OF MAKING MONEY PLENTY IN EVERY MAN'S POCKET, BY Doctor Franklin



At this the complaint is so it must
 be an act of kindness in the less how they reinforce
 their will acquaint with the secret of finding
 the certain way fill empty & how keep them ways full.
 Two simple observed will do the business 1st Let
 ho and thy const companions 2^d I one
 every day less than thy gains I shall thy
 soon gin to the re, thy cred tors will n r insult thee
 nor w op nor hunger i nor freeze thee, the
 whole hemi will sh ne hter and pleasure
 sp up in every er of thy
 Now thereby emb these and Happy. Franklin

OLD PRINT EXCHANGE, NEW YORK

In Poor Richard's day every man had to be the caretaker of his own savings. There's nothing about savings accounts in this rebus, published in 1856 by Gleason's Pictorial

Drawing-Room Companion and based on Ben Franklin's precepts. (If some of the pictures puzzle you, we offer some help in the transcript on page 5.)

Savings Bank Cost Experience

J. R. DUNKERLEY

MR. DUNKERLEY is secretary of the Savings Division, American Bankers Association.

OF the 150 banks surveyed so far by the Savings Division's Committee on Savings Operations and Procedure, three of the most economically managed savings banks are located in Massachusetts. While low cost of operation is not the only evidence of efficient management, it is significant that all three are on a 2 per cent dividend basis, with a margin of earnings to spare to add to surplus.

First of all we find, as we expected, that the accounts in these banks are relatively inactive. It is more accurate to say that the number of savings depositors who abuse the withdrawal privilege is small.

It takes no expert bank analyst to find that the costs in a bank with high activity are greater than in banks where activity is under proper control. Nevertheless it is important to realize the degree to which activity increases costs. There may be an easy-going assumption that here is the bank with its four walls, personnel, equipment, and that it isn't going to cost much, if any, more to handle increased activity than its present business.

Costs have a way of creeping up slowly and almost unnoticed. At any one time, there may be involved only an adding machine, or a typewriter, or a clerk, but increase they do as the activity mounts.

At any rate the cost experience of the three banks raises the question of how far may a savings bank, or savings department, go in rendering services which are not strictly savings business.

Bank No. 31

THIS bank, located in an old section of a large city, has more than 40,000 depositors with deposits of approximately \$60,000,000. It operates with a total of 40 employees, including four officers and five tellers. The only equipment on the premises are nine adding machines, seven typewriters and one mortgage posting machine. Monthly activity averages 3,300 items, both deposits and withdrawals. The expenses of running this bank total approximately \$194,000. Of this amount nearly \$125,000 is chargeable to investment cost and the actual expenditures of the savings department are as follows:

Salaries.....	\$37,642
Advertising.....	5,166
Stationery and supplies.....	1,000
Freight and express.....	20
Telephone.....	1,044
Postage.....	750
Dues and subscriptions.....	6,858
Insurance expense.....	1,484
Repairs and maintenance.....	1,763
Examinations.....	400
Miscellaneous.....	7,137
Rent.....	5,250

Depreciation.....	0
Total.....	\$68,514

Following is a breakdown of deposit ratios:

Interest earnings.....	3.17 per cent
Dividends paid.....	1.97 per cent
Expenses.....	.11 per cent
Net profit.....	1.09 per cent

Over 20 per cent of the banking is done by mail. The bank maintains a parking space for depositors.

Although various types of club accounts are encouraged the variety of activities is at a minimum. Other than the cashing of checks gratis for service men stationed near the bank, it is not engaged in any activities except those directly associated with deposits and withdrawals of savings depositors and the investment of funds.

Among the factors which contribute to the low cost of operation, the president of this institution gives great weight to the simplicity of his system. The work is not departmentalized and he can use his help in any capacity. All officers are full time employees and other employees work a 40-hour week but there is no strain and no one is overworked.

Bank No. 20

THIS bank located in a city of 100,000 population has 40,000 depositors but only \$20,000,000 of deposits. It averages 13,000 transactions monthly with a personnel of 40 employees, including three officers and six tellers.

Seven adding machines, two comptometers and 11 typewriters comprise the equipment.

A somewhat broader range of activities includes industrial savings. A charge of 10 cents is made for cashing of checks and registered checks are sold at 10 cents each. Two or three hundred registered checks are sold daily.

Although varying greatly from bank No. 31 in deposit liability this bank also operates at very low cost. In this bank the investment cost is approximately 4/10 of 1 per cent, or \$80,000. Following is a breakdown of the expenses of the savings department:

Salaries.....	\$17,025
Advertising.....	1,180
Stationery and supplies.....	1,025
Freight and express.....	0
Telephone.....	75
Postage.....	190
Dues and subscriptions.....	25
Insurance expense.....	340
Repairs and maintenance.....	100
Examinations.....	185
Miscellaneous.....	535
Rent.....	2,920
Total.....	\$23,000

Following are the deposit ratios:

Interest earnings.....	3.39 per cent
------------------------	---------------

BANKING

Dividends paid.....	1.92 per cent
Expenses.....	.17 per cent
Net profit.....	1.29 per cent

With an average of four transactions per account, the bank estimates the total annual cost of maintaining each account at 77 cents. It costs 31 cents to open an account.

Bank No. 47

A SAVINGS bank in a college town has 11,000 depositors and \$12,000,000 in deposits. The monthly activity averages 1,500 deposits and 750 withdrawals.

Nine employees include two officers and three tellers. Equipment consists of three adding machines, four typewriters, three posting machines and one bookkeeping machine.

Activities are almost at an irreducible minimum. There are no club accounts and non-customers are charged 10 cents for each check cashed.

The investment cost is estimated at 9/10 of 1 per cent, which is nearly twice the percentage of expense which we would normally expect to find in a bank of this size. Nevertheless, the over-all picture is good for we find the cost of the savings department extremely low as shown by the following figures:

Salaries.....	\$ 5,600
Advertising.....	900
Stationery and supplies.....	700
Telephone.....	300
Postage.....	520
Dues and subscriptions.....	200
Insurance expense.....	275
Repairs and maintenance.....	461
Examinations.....	809
Miscellaneous.....	620
Rent.....	2,000
Total.....	\$12,385

The deposit ratios are as follows:

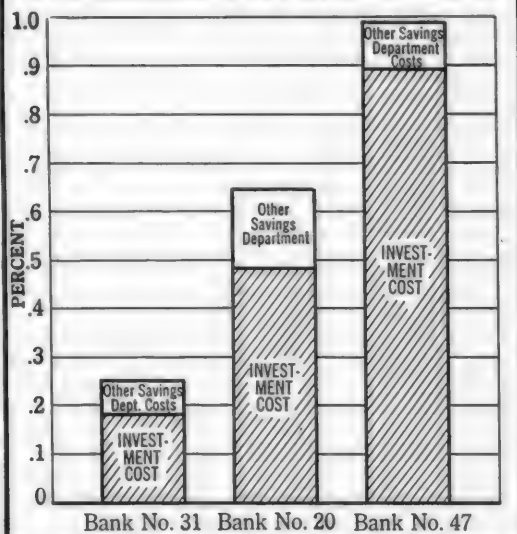
Interest earnings.....	2.78 per cent
Dividends paid.....	1.80 per cent
Expenses.....	.10 per cent
Net profit.....	.88 per cent

After studying the costs in these three banks you may immediately conclude that errors have been made in apportioning the percentage of expenses chargeable to the investment of funds.

It would seem that Bank No. 47 had allocated too great a percentage to investment cost and too little to the cost of maintaining the savings department.

GRANTING some degree of error in each case, the apportionments were made after a careful study of the time given by the various officers and employees to each function. Even after a review these three banks are

RATIO OF EXPENSE TO DEPOSITS IN 3 MASSACHUSETTS SAVINGS BANKS



satisfied that the figures shown above closely approximate the actual cost experience.

The surprise on the part of those who compiled the figures and the element of doubt which arises in the minds of the managers of other institutions as they read these figures testify eloquently to the need of this type of cost analysis. Many officers have stated that if they had not actually gone through the process of compiling these statistics, they would not have realized the proportion of time that is given to each phase of the bank's operations.

As to whether or not a bank would or could make any adjustments after it has subjected its costs to this type of accounting is problematical. Several banks have reported to the committee that as a result of this survey they contemplate changes.

The comptroller of one bank, after learning that another bank of comparable size was operating at a lower cost and at the same time enjoying greater interest earnings, spent two days with the comptroller of this model institution. Afterwards he remarked that he felt that his own institution was in some respects operating better than the model institution but that he learned of several procedures which could be adopted which would undoubtedly be of great benefit to his bank.

This is a common experience wherever we have been able to get officers of two banks together as a result of this cost survey.



The Graduates

CLAS 19


<i>John B. Ackley Jr.</i>	<i>Harry T. Gill</i>
<i>Morton D. Alling Jr.</i>	<i>William J. Gilstrap</i>
<i>C. Earle Armstrong</i>	<i>George Willard Graham</i>
<i>Clinton B. Axford</i>	<i>John Harrison Hammett</i>
<i>Oliver Hazard Perry Baldwin</i>	<i>John L. Hanson</i>
<i>Alton P. Barr</i>	<i>P. Raymond Haulenbeek</i>
<i>Albert Charles Bartlett</i>	<i>Rudolph H. B. Heinsohn</i>
<i>Louis F. Brandely</i>	<i>Carl Herrewig</i>
<i>Joseph Daniel Branigan</i>	<i>Jonathan Bertolet Hillegass</i>
<i>Charles B. Brown</i>	<i>Irving J. Hoar</i>
<i>John McKnight Brown</i>	<i>Harold Hobday</i>
<i>Morris Lovejoy Brown</i>	<i>Glen C. Hodges</i>
<i>Charles E. Cain</i>	<i>Gifford M. Holden</i>
<i>Ralph Calvin Carmen</i>	<i>Frederick L. H. Holzer</i>
<i>Robert Franklin Clark</i>	<i>George Joseph Hossenlopp</i>
<i>William H. Colestock</i>	<i>James R. Hughes Jr.</i>
<i>Ralph Richard Colins</i>	<i>J. Dewette Ingham</i>
<i>Francis Q. Coulter</i>	<i>Charles C. Joyce</i>
<i>Samuel H. Cropper</i>	<i>James W. Kelleher</i>
<i>Robert J. Crossley</i>	<i>John L. Kirland Jr.</i>
<i>Joseph Price Cummings</i>	<i>Conrad H. Klein</i>
<i>Theodore Ledyard Culyer 3rd</i>	<i>Arthur Canfield Knight</i>
<i>Robert A. Daly</i>	<i>Edward J. Koons</i>
<i>Harry E. Danner</i>	<i>Karl Edison Kottas Jr.</i>
<i>Alexander Doman</i>	<i>Elbert Land Jr.</i>
<i>James M. Dunne</i>	<i>Charles H. Larson</i>
<i>Erwin Guscott Eastwood</i>	<i>Lawrence J. Larson</i>
<i>Charles F. Fearon</i>	<i>F. Henry Lautz</i>
<i>John Flauss</i>	<i>Jack Leslie</i>
<i>Malcolm H. Foulk</i>	<i>Joseph S. Lindabury</i>
<i>Harold H. Fries</i>	<i>Warren Theodore Locker</i>
<i>Norman H. Gaffrey</i>	<i>Gerald C. Low</i>
<i>C. Raymond Ganung</i>	<i>Albert Paul Luscombe</i>






School of Banking

CL 1943



*John J. McCann
Eugene Stephen McClain
John E. McNamara
D. J. MacDonald
Milton Tenney MacDonald
T. J. Mayfield
William D. Meacham
Raymond K. Meixsell Sr.
George J. Meng
Marvin Leroy Miller
A. W. Mills
Paul R. Mills
Paul B. Momberg
Edward M. Monahan
Donald I. Morris
William M. Mott
Allen Clifford Mueller
Eldredge Pierce Munroe
Robert Woodford Newcomb
Clarence G. Noel
Ralph C. Ordway
Louis Cassard Owens Jr.
Philip Albin Paulson
Herbert J. Peters
Robert O. Peterson
Richard L. Phelan
Alfred C. Poble
Arthur Reginald Poynton
Frank Puleo
Franklin L. Purrington
Harold F. Rado
John T. Rathjen
Charles Silas Remington
William David Rhodes
Milton William Rice*



*Arthur P. Ringler
Ralph E. Roach
Charles A. Robinson
Alfred E. Rowley
Louis S. Schad
Earl G. Schwalm
Clarence A. Scriver
Edwin B. Shaw
Elmer F. Shumaker
Herbert J. Smith
Howard B. Smith
Charles O. Stapley
Alec B. Stevenson
Raymond Sproul Stevenson
Francis Richard Steyer
Carl W. Stocker
George Gilmuor Stone
Richard A. Sweeney
Charles Waldron Thompson
Fred Tiemeyer
John W. Tracy
Richard W. Trefz
William F. Treiber
Leonard T. Tremblay
John V. Trumppore
Laurier Frederick Uttley
William S. Vanek
Byron Anderson Warnes
E. Harold Wetsel
Wilbur Whittemore
Harding Wilbur
Edward R. Wilpuetz
Fay E. Wright
Harold H. N. Youngken*



State Association Activities

Wartime Problems

CALIFORNIA BANKERS ASSOCIATION inaugurates a new series of bulletins, designed to cover the expanding and increasingly complex field of governmental controls and regulations. Subjects to be treated include: manpower, wage and salary stabilization, wage-hour questions, state and Federal labor regulations and, to a more limited extent, selective service, Soldiers' and Sailors' Civil Relief Act, price control, rationing (other than ration banking), priorities, foreign funds and property control, and current Federal tax developments. The service is intended to keep the membership currently advised on important changes. It will supplement regular association bulletins.

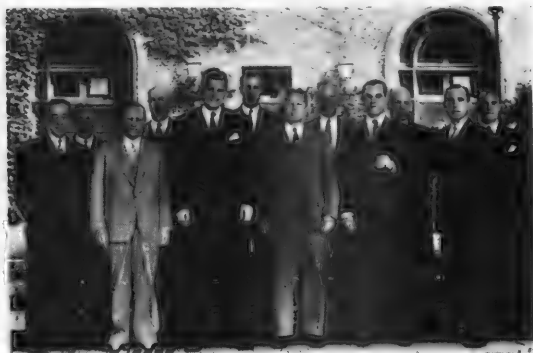
Campaign Paper

To help member banks get the most possible good out of its state-wide promotion campaign, now in its second year, the SAVINGS BANKS ASSOCIATION OF NEW YORK STATE recently launched a new publication, called *The Relator*. It is dedicated entirely to advertising and promotion ideas and news, with special emphasis on opportunities for tying-in individual bank advertising with the cooperative campaign. It will also be used as a medium of regular contact for the association's committee on public relations and its counsel.

Spurious Checks

Vigilance and prompt reports to association offices have limited spurious check operators to an occasional bank victim. However, bank customers, particularly in war production areas, flush with extra cash, are offering an unsuspecting field of operation. The MASSACHUSETTS BANKERS ASSOCIATION has discovered, it claims, an effective means of circulating information on victimized bank customers, with the probability that such publicity will not only make the prospective victims more wary, but will also bring some of the operators to justice.

Attending the Eastern Secretaries Conference, Rye, New York, (left to right) Messrs. Menagh, Hemminger, Coate, Reese, Marshall, Williams, Welch, Gwinn, Wilson, Albright, Arnett, Muench



F. A. A.

"Collective Thinking for Individual Action," will be the 28th annual convention theme of the FINANCIAL ADVERTISERS ASSOCIATION at the Edgewater Beach Hotel, Chicago, October 19, 20, and 21. The convention date, previously announced for September, has been postponed a month because of the Treasury's Victory Loan drive.

Meet The State Secretaries

West Virginia's Frank N. Gans



"Weston's loss is Beckley's gain," said the *Weston Democrat* in an editorial last November when Frank resigned his post at the Weston National Bank to become cashier of the Beckley National Bank, Beckley, West Virginia.

Frank received his education in the schools of Point Marion, Pennsylvania, and the Douglas Business School. He took A.I.B. courses through the Clarksburg Chapter and is a graduate of the Graduate School of Banking, Rutgers University.

His banking career began in Point Marion in 1909 at the Peoples National Bank. After a time in the Comptroller's Office of the Treasury Department, he joined the Weston National as assistant to the president in 1933.

Serving the West Virginia Bankers Association, Frank was chairman of Group Six in 1940-41, has been chairman of the agricultural committee of the association for two years, a member of the West Virginia Farm Security Advisory Board and of the Lewis County Land Use Planning Board. Always interested in banker-farmer relations, he was county key banker in Fayette, Pennsylvania, and worked with the agricultural committee of the Pennsylvania Bankers Association. He is past vice-president of the A.B.A. representing West Virginia and is associate councilman for the A.I.B.

Frank has three hobbies: charting bank trends, which indeed is an avocation in these times; giving impersonations; and believe it or not—cooking. "I think nothing of preparing a meal or broiling several pounds of steak," says Frank (before rationing), "over a charcoal fire for my friends." You now can see what the *Weston Democrat* meant.

Summer Holidays

A report based on questionnaire returns from 39 county bankers associations and city clearinghouses, representing 844 banking offices indicates that Saturday closing during Summer months, despite wartime personnel problems, is not a widespread practice among members of the NEW YORK STATE BANKERS ASSOCIATION. Only one county (Nassau) adopted Saturday closing for all banks. In all, 74 banks close for the full day; the rest remain open until noon. To compensate, 41 banks report half-day closing on Wednesdays.

School Savings

Writing in the MAINE BANKERS ASSOCIATION bulletin, Fred F. Lawrence, treasurer of the Maine Savings Bank, Portland, and chairman of the A.B.A. School Savings Committee states that discontinuance of school thrift systems is a grave mistake. He emphasizes that "there is no intimation from Washington that the continued operation of school departments is in any degree inconsistent with the war program."

On the other hand, he stresses the significance of school accounts in creating habits of thrift during war, and its potential contribution to economic and social stability in the post-war period. He points out that the

sale of War Bonds and Stamps in schools today is developing the enthusiasm of a new host of educators for more widespread school savings programs in the future, when it may likely serve as a medium into which war savings may be transferred.

It is his conviction that the operation of a school savings department builds up over a period of years a reservoir of goodwill which no amount of expenditure for adult enlightenment can supply.

Service Charge

In its continuing study of service charges, the bank management committee of the WISCONSIN BANKERS ASSOCIATION notes a distinct trend toward analyzing checking accounts on the *minimum* instead of the average balance. Advantages claimed by members using this system are: (1) Actually, only the minimum balance is loanable; (2) the schedule is more easily understood by customers; (3) much time and labor are saved for the bank; and (4) increased revenue is produced.

In the committee's opinion, these arguments are valid. For the sake of uniformity and increased revenue, the committee has devised a new analysis formula covering activity and miscellaneous charges, which it recommends for member institutions.

New State Presidents

1943-1944



MARYLAND—F. R. Myers,
Frederick



VIRGINIA—W. A. Roper,
Richmond



WISCONSIN—G. D. Prentice,
Milwaukee



NORTH DAKOTA—H. A.
Fischer, Washburn



MISSOURI—Kearney
Wornall, Kansas City



MINNESOTA—H. R. Kurth,
Hutchinson



OREGON—L. E. Cable,
Portland



SOUTH DAKOTA—T. N.
Hayter, Sioux Falls

Organize a "Know Your Money"

FRANK J. WILSON

MR. WILSON, Chief of the United States Secret Service, outlines one important feature of his organization's program of "Crime Prevention Through Education."

WAMPUM was used for money back in 1620, when the first Pilgrims elbowed their way out of the overcrowded *Mayflower* into uncrowded New England. Wampum was in the form of black beads and white beads, the difference being that the black ones were worth double the value of the white. Not long after the last foot had trod on Plymouth Rock one of the Puritans learned that he could fleece the Indians and his Puritan associates by dipping the white beads in black dye, thereby becoming one of the very earliest of early American counterfeiters.

Whether the secret of his criminal enterprise was handed down and down and down, it is an unfortunate fact that the crime of counterfeiting grew and grew and grew. Today a direct descendant of the wampum counterfeit is the lead quarter in your loose change. This might well invoke the wrath of the gods upon the restless spirit of his crooked ancestor, except for one important reason. That is, if said descendant would take a little time to learn something about said money there would be no cause for said invocation to said divinities.

By 1936 the phony wampum maker would probably have winced if he discovered that other counterfeiters were stealing \$771,000 a year by passing bogus bills on careless Americans. And he might have scoffed when the United States Secret Service started out to show those careless victims how to tell good money from bad. But if he were still around at the end of July 1943, he would have found that "Know Your Money" was a byword in many a Yankee home, and a funeral dirge in many a counterfeiter's den, for the losses suffered by victims of bogus bills passed for the year ended June 30, 1943 totaled only about \$22,000. This impressive 97 per cent reduction in losses was brought about principally because potential victims of passers had been educated to detect counterfeit money, and when a criminal cannot find a gullible public on which to prey, he is soon forced out of his criminal activity.

THIS is the basis for the Secret Service program of "Crime Prevention Through Education" and one important factor in that program is the promotion of essay contests in high schools throughout the country. This plan of attack has been particularly successful in the bailiwick of the old-time wampum counterfeiter, where numerous banks in New England have sponsored contests with effective results. In fact, in those states alone, thus far, some 2,500 high school students have submitted entries in "Know Your Money" contests, striving to win prizes of \$5, \$10 and \$25 in War Bonds and Stamps, offered by the sponsors.



"Know Your Money" contest winners at the Sacred Heart Parochial School in Newton, Massachusetts, receive War Bonds as prizes. Left to right, Elizabeth Boudreau (second prize), Frances Shellenbach (first prize), Bishop Richard J. Cushing, and Charles H. Clark, vice-president, Newton Savings Bank

The rules for the contests were drawn up by the Secret Service, in cooperation with various bankers, and are brief and simple. In effect, they provide that all students in public or parochial high schools are eligible to participate, except students who serve on contest committees or whose parents serve on such committees. All essays shall be entitled "Know Your Money"; shall contain not more than 2,500 words, and must be the original work of the contestant to avoid charges of plagiarism in the event of publication. All essays are to be typewritten if possible, or written neatly in ink, and are to touch upon these points:

1. The history of money
2. The functions of the U. S. Secret Service
3. The making of genuine money
4. The detection of counterfeit money
5. Counterfeiting as a weapon of war
6. Steps to take to capture counterfeiters
7. The value of education as a crime preventive

Essays will be identified by numbers and not by names of contestants, to avoid claims of partiality on the part of the judges. If students from more than one school compete, the name of the school as well as the number of the contestant should be written on the entry. The numbers and the corresponding names will be held by the school principal until the winners are selected.

The sponsoring banks, in publicizing the "Know Your Money" contests, may show that they are cooperating with the Secret Service in its nationwide program of "Crime Prevention Through Education." The nature of prizes will be decided by the sponsors, and it is suggested that War Bonds and Stamps be the awards.

All necessary reference material may be found in the

Contest—Here's How

"Know Your Money" booklet, published by the Secret Service, copies of which have been given to classes for study in more than 11,000 high schools in the United States, in which the study of money and counterfeit money is now an accepted part of the curriculum. If a school wishes to enter a "Know Your Money" essay contest and does not yet use the booklet, a sufficient number of copies will be furnished to the school by the Secret Service, without cost.

THE contests are of value in many ways. They provide a method of advertising for the bank through announcements in the form of local news stories, and many newspapers have printed the first-prize essays at the close of the contests, with the names of the winners. They help to sell War Bonds and Stamps. And most important of all, they fortify the youthful contestants against the counterfeiter and his crooked ways and help to keep the youngsters from beginning criminal careers through the so-called "easy money" counterfeiting route.

The reader may wonder why this particular subject is being so widely introduced into the country's high schools. The answer is simple. The prevention of a crime before it can be committed is much more effective than investigation of a crime after it has been committed. At a time when juvenile delinquency is steadily increasing, the Secret Service is carrying its program to the juveniles themselves, showing them the folly of crime and the many ways they can combat it. That this program has borne fruit is evidenced by the fact that arrests of juveniles for violation of the counterfeiting and certain other laws enforced by the Secret Service have decreased nearly 60 per cent in five years, while delinquency is still on the rise in other criminal fields.

Preliminary to writing essays on counterfeiting, high school students study thoroughly the "Know Your Money" manual of the U. S. Secret Service. Students and a teacher in a Toledo, Ohio, school are shown comparing actual money with the counterfeits in the "KYM" manual



PICTURES COURTESY U. S. SECRET SERVICE
School children look over the "Know Your Money" exhibit at the Union Bank & Trust Company, Montgomery, Alabama

These are some of the reasons why the Secret Service asks the cooperation of the banks of the country in sponsoring "Know Your Money" contests such as those which have been so successful throughout New England. Most of these contests have been decided by judges representing the schools, the banks, and the community. It is far better that they should pass judgment on a group of sentences helping to prevent crime, than that another, sterner, judge should impose sentences upon a group of youngsters starting life on the wrong foot. In either case, it's well to remember that the judge's decision is final.

The "Know Your Money" prize essay of Beatrice T. Simpson, a Newport, Rhode Island, high school senior, concludes with these pertinent remarks:

"The Youth of today are America's future citizens and care must be taken to save them by removing temptation. Many counterfeit violators are young men and boys. If the public is careless in accepting bad money, then this crime will continue to succeed. This crime puts an expense of a million dollars a year on our Government for investigation, prosecution and maintenance of prisoners. . . . Those who attempt to defraud our citizens with counterfeit money are placed in Federal penitentiaries. . . .

"With the school officials united in the work of crime prevention through education, and the teachers, police and peace officers cooperating with the United States Secret Service, the elimination of counterfeiting will be assured in our beloved country, America, 'the Land of the Free and the Home of the Brave.'"

A Protest Against the CCC Rate Cut

VIGOROUS protests were lodged with the Commodity Credit Corporation by the American Bankers Association and the state bankers associations in wheat-producing states against the CCC's June 24 directive changing the rate of interest on notes held by banks covering farm-stored wheat loans.

The CCC instructed lending agencies to tender these notes for repurchase by June 30, advising that their failure to comply would indicate their willingness to continue to hold them at 1 per cent instead of $1\frac{1}{2}$ per cent, as agreed upon in the "Contract to Purchase." As a result of this protest, the CCC has consented to allow $1\frac{1}{4}$ per cent interest on the notes retained by the lending agencies.

Excerpts from the CCC's "demand" follow:

"Pursuant to paragraph 1 (b) of the Contract Purchase entered into between Commodity Credit Corporation and lending agencies, demand is hereby made . . . that each lending agency which does not desire to hold notes secured by 1942 farm-stored wheat on the conditions outlined in this letter tender such notes for purchase . . . by June 30, 1943.

"Failure to tender such notes for purchase . . . will constitute the lending agency's agreement to hold such notes on the following conditions:

"Lending agencies shall continue to hold such notes . . . except that they shall retain only 1 per cent interest per annum on the principal amount collected on the loans . . ."

Of the \$1,641,772,000 agricultural loans (exclusive of farm mortgages) outstanding on the books of all insured commercial banks on December 31, 1942, loans guaranteed by the CCC amounted to \$746,261,000. Wheat loans made under the 1942 CCC program by insured banks in 34 states aggregated \$436,696,000. The largest part, by far, of these loans was made through commercial banks under CCC purchase contracts.

Available statistics do not show separately the loans made by commercial banks from those made by other lending agencies. However, on December 31, 1942 the commodity loans reported by banks, including loans on other crops besides wheat, amounted to 88 per cent of the total of all such loans reported outstanding.

Wheat loans are classified as to whether secured by wheat stored in commercial warehouses, or secured by wheat "sealed" on farms. In 1942 both kinds of loans were available until December 31. The warehouse-stored loans matured April 30, 1943 and have all been

collected or the collateral has all been taken over by CCC. In the case of the 1942 farm-storage loans the maturity date was April 30, 1944.

It was on these farm-storage loans that the CCC proposed to reduce the interest rate to banks from $1\frac{1}{2}$ per cent to 1 per cent.

The loan program for 1943 wheat was announced June 9. Loans on farm-stored wheat are to run to April 30, 1945, without the necessity of renewal or extension, while loans on wheat stored in commercial warehouses will mature April 30, 1944. The announced interest rate to farmers is 3 per cent. Of this, the "Contract to Purchase" with banks allows them $1\frac{1}{2}$ per cent, presumably as long as the loans are outstanding. However, in the light of experience with the 1942 loans, the CCC may call them next July and tell the banks that they can continue to hold them, but at a reduced rate.

IN A formal protest against the reduction in the 1942 wheat-loan interest rate filed with J. B. Hutson, president of the Commodity Credit Corporation, W. L. Hemingway, president of the American Bankers Association, said:

" . . . your office indicated an intention to reduce the interest on 1942 wheat loans from June 30, 1943 from $1\frac{1}{2}$ per cent to 1 per cent per annum. The effect will be that where banks or other lending agencies do not agree to such reduction, the CCC will take over the loans from the banks as provided in 'Contract of Purchase.' . . . Under this agreement the interest rate of 3 per cent, which the farmer pays, is divided equally between the Commodity Credit Corporation and the bank. Inasmuch as the 1942 wheat loans are not due until April 30, 1944, it seems incredible that a great institution like the CCC would use the device of its option under the 'Contract of Purchase' in order to force a rate of 1 per cent on the banks.

" . . . The whole plan of financing grain on the farm is a cooperative undertaking from the start, and it needs the local lending agencies in the picture both in the origin and in the liquidation of the transaction, as you well know. The remuneration for the banks' services is based on a $1\frac{1}{2}$ per cent per annum interest charge, a split with the CCC, the guarantor of the loan. In most instances this $1\frac{1}{2}$ per cent rate hardly covers the cost of handling the loans and placing them on the books of the banks. The 1 per cent rate which you propose to force the banks to take, if they are to continue to carry the loans, is inadequate to cover the cost of services . . . performed by the bank.

"In the interests of more than 7,000 banks in the 30 wheat states where more than \$400,000,000 of 1942 wheat loans are held, we ask your reconsideration of any action taken, or contemplated to be taken . . ."

Subsequently, officials of the American Bankers Association and state association representatives met with the leaders of the CCC in Washington and obtained from them a $1\frac{1}{4}$ per cent compromise.

A plan for systematic savings by farmers for post-war equipment needs through purchase of War Bonds is being discussed by government leaders, bank experts, and A.B.A. staff. *Left to right, G. Y. Jarvis, Dr. V. B. Hart, Dr. P. S. Eckert, C. T. O'Neill, A. G. Brown, Norman Wall and J. B. Mack, Jr.*





Less fatigue... Fewer errors...

New workers stay fresher, keener, in bookkeeping departments of banks equipped with RECORDAK

PUT yourself in the new woman worker's place. New to bank ways, her daily routine is exacting, her job is none too easy. But in banks equipped with Recordak, her difficulties are lessened. For Recordak eliminates much tiresome, time-consuming routine. Posting is a once-a-day operation... the bookkeeping routine is less tiring... so the worker is fresher, keener, less apt to make mistakes—right up to closing time.

And, of course, the Recordak Photographic System of Single Posting is, by its very nature, a far more accurate system. With statements handled not three or four times, as in dual posting, but just once, the likelihood of error is greatly reduced. Recordak Corporation, Subsidiary of Eastman Kodak Co., 350 Madison Ave., New York, N. Y.



One of a series on **RECORDAK** contributions to better banking in wartime



A FARM FRONT FIGHTER REPORTS FOR DUTY!

This farm front fighter reporting for duty is the local Purina dealer. He's going to spend some time at the Jones farm today . . . checking up on things like feeding and watering space for birds and animals . . . checking to see that vital feed supplies are producing the most food possible. He'll not only check on what the Jones farm is doing, but he'll make simple, practical suggestions on how they can step up production of meat, milk and eggs. He'll make several calls like that today . . . and many, many more for the duration.

And you can multiply this Purina

dealer's activities by the thousands of Purina dealers and Purina Field Service Men the country over who have joined the "Food for Victory Crusade." Their goal is to reduce losses and waste of food and feed on half a million farms. Already their enthusiastic reports are coming in—showing the great need and the great possibilities of this Crusade.

Supporting this farm front work is a nationwide campaign of farm magazine, state farm paper, radio and moving picture advertising . . . the greatest ever rallied to such a cause.

Published in the Interest of Increased Food Production by

PURINA MILLS

"FOOD WILL WIN THE WAR AND WRITE THE PEACE"



MR. BANKER, YOUR HELP IS NEEDED

The success of the "Food for Victory Crusade" nationally and in any community depends upon the cooperation and the support which the Purina dealer and the Purina Field Service Man secure from local farm leaders such as the local banker.

If you are located in a town where there is a Purina dealer, ask him or the Purina Field Service Man how you can help to put this important program into effect. Your ideas and your active help are needed to get this "Food for Victory Crusade" job done.



CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, June 30, 1943

RESOURCES

Cash and Due from Banks.....	\$ 457,840,293.57
United States Government Obligations, Direct and Fully Guaranteed.....	1,424,617,208.73
Other Bonds and Securities.....	76,594,117.19
Loans and Discounts.....	260,869,504.50
Stock in Federal Reserve Bank.....	3,000,000.00
Customers' Liability on Acceptances.....	893,692.36
Income Accrued but Not Collected.....	4,854,961.53
Banking House.....	11,550,000.00
Real Estate Owned other than Banking House.....	1,360,772.02
	<u>\$2,241,580,549.90</u>

LIABILITIES

Deposits.....	\$2,090,709,847.98
Acceptances.....	894,315.60
Reserve for Taxes, Interest and Expenses.....	7,738,756.97
Reserve for Contingencies.....	17,275,529.44
Income Collected but Not Earned.....	285,490.64
Common Stock.....	50,000,000.00
Surplus.....	50,000,000.00
Undivided Profits.....	24,676,609.27
	<u>\$2,241,580,549.90</u>

United States Government obligations and other securities carried at \$361,370,032.06 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

Member Federal Deposit Insurance Corporation

Proposed Amendments to A.B.A. Constitution

PROPOSED amendments to the Constitution of the American Bankers Association, unanimously approved by the Executive Council and by the Administrative Committee at New York, on April 14 and April 11, respectively, as set forth below, will be recommended for adoption at the annual convention in New York, September 13-15, 1943.

(Matter to be omitted in brackets.
New matter is in *italic*.)

Article III

GENERAL CONVENTION

Sec. 4. The General Convention at its annual session shall elect a President [,] [a First Vice President] and [Second] Vice President of the Association, each of whom shall have the qualifications of a delegate and shall be installed in office [at the close of the last day's session] *on the day of the last convention session*. These officers shall serve until the next succeeding election and until their successors are duly installed in office. They shall not be eligible to immediate re-election to the same office after a full term of service.

Article IV

OFFICERS—VICE PRESIDENTS

Sec. 2. The [First] Vice President shall perform the duties of the President during the President's absence or inability and in case of death, resignation, or vacancy in the office of the President he shall become President of the Association for the unexpired term. [Similar duties shall devolve on the Second Vice President in the absence or inability of both President and First Vice President and in case of death, resignation, or vacancy in the office of both, the Second Vice President shall become President for the unexpired term.]

Article V

NOMINATING COMMITTEE

The members of the American Bankers Association in each state shall annually elect a member of the Nominating Committee and an alternate in the manner prescribed by the By-Laws. If in any year the annual convention of a State Bankers' Association has not been held at the time of the annual convention of this Association, the member and alternate elected at the previous annual convention of the State Association shall act at the annual convention of this Association. If, in the ensuing year, the annual convention of the State Association is held prior to the annual convention of this Association a member and an alternate shall then and there be elected and shall act at the next ensuing General Convention of the Association, and the member and alternate elected at the State Convention in the preceding year shall not act unless re-elected. It shall be the duty of the Nominating Committee to meet at the call of the Executive Manager as soon as practicable after the first adjournment of the General Convention assembled in annual session, next after the election of the members, and organize by the selection of a chairman and secretary from its membership. The committee shall recommend a candidate or candidates for President, and [First and Second] Vice President [s], and shall report its

recommendations at the time fixed in the program for the nomination of officers. The nomination or recommendations of the committee shall not exclude the name of any person otherwise nominated in the Convention, and under the regular order for the election of officers any delegate may place any qualified member in nomination for President or [First or Second] Vice President. The regular order for the election of officers shall immediately follow the report of the Nominating Committee.

Article VII, Section 2

EXECUTIVE COUNCIL

Sec. 2. The Executive Council shall be composed of members elected by the states, and the District of Columbia, and of the President [First and Second] Vice President [s], and Treasurer of the Association, ex Presidents of the Association for a period of three years immediately after the expiration of their terms as President and twelve members at large to be appointed by the President with the approval of the Administrative Committee at the beginning of his term. The Presidents and First Vice Presidents of the Divisions and Sections shall be ex officio members of the Executive Council. The Chairmen of any Commissions which shall be created under the By-Laws shall also be members of the Executive Council.

Article VII

EXECUTIVE COUNCIL—MEETINGS OF EXECUTIVE COUNCIL

Sec. 7. The Executive Council shall meet for organization and other duties within forty-eight hours after the final adjournment of the annual session of the General Convention, annually in the spring of the year, and at such other times as the Council may determine. Special meetings of the Executive Council may be called upon the request of one-fourth of its members, made in writing to the Executive Manager and accompanied by reasons for such a meeting [,], *or by the President of the Association when in the opinion of a majority of the members of the Administrative Committee it seems expedient for the Association to forego its General Convention, by reason of the existence of a state of war or other national emergency*. By direction of the President, the Executive Manager in such cases shall give to the members of the Council two weeks' notice of the time and place of such meeting. The majority of the members of the Council shall constitute a quorum.

Article VII

EXECUTIVE COUNCIL—EMERGENCY FUNCTIONS

Sec. 10. *If, in the opinion of a majority of the members of the Administrative Committee, by reason of the existence of a state of war or other emergency, it seems expedient in any year for the Association to forego its General Convention, then and in that event, the Executive Council, at a special meeting called pursuant to the provisions of Sec. 7 of this article, is empowered to nominate, elect, and install a President and Vice President of the Association, and to do and perform all other acts authorized to be done and performed by the General Convention. The members of the Nominating Committee may submit to the Executive Council recommendations as to candidates but such recommendations shall not exclude other nominations by the Executive Council. Such recommendations*

(CONTINUED ON PAGE 54)



★ ★ ★ That's Why We Can Produce The Goods That Will Win The War

It's easy to see why America now has the productive capacity to be the Arsenal of Democracy—a job that was beyond our powers in World War I.

It's because we have the hard roads and the trucks and Truck-Trailers to permit war-production to be spread to every cross-road in the land . . . to let us use manpower and material reserves that would otherwise be out of reach.

Look at the maps and silhouettes . . . *especially at 1943.*

- Nearly 350,000 miles of hard-surfaced roads . . . about 90,000 miles of them paved . . . and every road a potential production line.

- Five million Truck-Trailers and trucks . . . most of them in essential war-time service . . . scores of thousands actually serving day-after-day as conveyors for our war plants . . . keeping material flowing on time-table schedule!

Motor transport is what makes it possible to spread our war production among thousands of small manufacturers — particularly to the 54,000 communities which are reached by no other transportation system.

Without motor transport our overloaded railroads could not possibly do the splendid job they are doing. In Michigan alone, 69% of the freight going out of 741 war plants is moved by motor transport.

But — this job cannot be done for long without new trucks and Trailers to replace those wearing out. And none are being built — none have been built since early in 1942!

If American industry is to continue to produce the necessary goods of war — in the quantity and at the rate required to win — the over-the-road “assembly lines” must be kept running. Trucks, Trailers, tires and parts must be made available quickly.

World's Largest Builders of Truck-Trailers

Member Automotive Council for War Production

FRUEHAUF TRAILER COMPANY - DETROIT

A.B.A. Amendments — continued

shall be in writing and must be received by the Executive Manager at least five days prior to the opening of the special meeting of the Executive Council. Such special meeting of the Executive Council shall have the same force and effect as a General Convention.

Any and all appointments and terms of office that usually, by any provisions of this constitution, by the by-laws of the Association, or by the by-laws of any division or section, become effective, or begin, or terminate (1) at the annual convention of the Association; (2) with the opening of the annual convention; (3) with the adjournment of the annual convention; (4) at a meeting of the Executive Council following adjournment of the General Convention; or (5) at the annual meeting of members of any division or section, shall become effective, or begin, or terminate on the last day of such special meeting of the Executive Council, and immediately prior to adjournment.

Prior to the special meeting of the Executive Council, provided for in this section, it shall be the duty of the members of the Executive Committees of divisions and of the Board of Control of the State Secretaries Section to elect a President, a Vice President, and successors to those members of the Executive Committees and Board of Control whose terms of office will terminate at the special meeting of the Executive Council. Also, the Executive Committees of divisions and the Board of Control shall elect a second vice president, and a chairman of the Executive Committee, if the by-laws of the divisions and section provide for such offices. For the purpose of securing the opinion of the members of the Administrative Committee, provided for in the first paragraph of this section, and for the purpose of effecting the elections in divisions and section provided for in this paragraph, a mail vote is authorized and such mail vote shall have the same force and effect as though the members of the Administrative Committee, the members of the Executive Committees of divisions, and the members of the Board of Control of the State Secretaries Section were personally present and voting at a convened meeting. Any provisions in this Constitution, in the by-laws of the Association, or in the by-laws of the divisions or sections that are contrary to the provisions of this section are hereby superseded.

Article VIII

ADMINISTRATIVE COMMITTEE

Sec. 1. Subject to the direction of the General Convention and the Executive Council, the administration of the affairs of the Association in the interim between sessions of the General Convention and the Executive Council is vested in the Administrative Committee.

MEMBERS

Sec. 2. The Administrative Committee shall consist of four members of the Executive Council who shall reside in different Federal Reserve districts, of the President, [First and Second] Vice President[s], and the three last living ex-Presidents of the Association; the Treasurer of the Association; and of the Presidents of the National Bank Division, State Bank Division, Savings Division, Trust Division, and of the American Institute of Banking

Section, and State Secretaries Section. In the absence of the President of any Division or Section from any meeting of the Administrative Committee the First Vice President of that Division or Section may act in his place.

FUNCTIONS

Sec. 3. The Administrative Committee shall perform in the interim between meetings of the Executive Council, all such duties of administration as shall be enjoined upon it by the Executive Council and all powers and duties of administration vested in the Executive Council not performed by said Council nor expressly delegated to the Administrative Committee nor otherwise especially provided for by the Council. The Administrative Committee shall report memorandum of all its proceedings to the Executive Council at its meetings for approval.

Subject to the control of the Executive Council the Administrative Committee shall have general supervision over all divisions, sections, commissions and committees, whether they be created under this Constitution, by resolution of the General Convention, under the By-Laws, by act of the Executive Council or by any Division or Section of the Association, and shall decide and adjust all conflicts of jurisdiction between them. The decision of the Administrative Committee on such matters shall be binding unless and until reversed by the Executive Council at its next meeting. Upon request of the Administrative Committee all divisions, sections, commissions and committees under its supervisory control shall report to the Administrative Committee any action undertaken.

OFFICERS AND EMPLOYEES

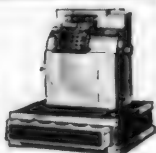
Sec. 4. The Administrative Committee shall meet for organization and other duties immediately or within forty-eight hours after the first meeting of the Executive Council after the Annual Convention in each year.

The Administrative Committee shall have power to appoint or authorize the appointment of subordinate officers and employees, as occasion may require, and to remove from office or employment at any time any or all subordinate officers or employees, whether appointed by it, or by any coordinate officer subject to its approval. Subject to the approval of the Executive Council the Administrative Committee may fix and adjust the salaries or compensation of all coordinate and subordinate officers and employees of the Association, including the salaried officers and employees of any division, section, commission or committee of the Association, or may authorize the fixing and adjustment of salaries of all subordinate officers and employees.

The Administrative Committee may, during the interim between meetings of the Executive Council, suspend any coordinate officer for cause.

The Administrative Committee shall have power to appoint for the purpose of any work within its jurisdiction, committees from the membership of the Association or of the Executive Council.

The purpose of the foregoing amendments is to eliminate the second vice presidency of the Association and to provide the means for effecting succession in office in the Association and its divisions and sections when by reason of the existence of a national emergency the annual convention is not held.



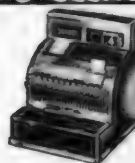
Restaurants and Cafes



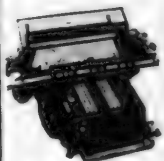
Automotive Businesses



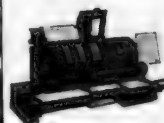
Sales Classification



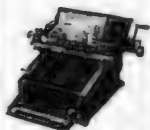
Cash Sales Records



For General Bookkeeping



For Industrial Payrolls



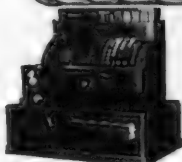
For Accounts Receivable



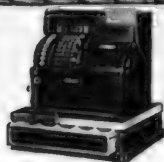
For Proof Work in Banks



For Depositors' Checking Accounts



Department Stores



Cash and Credit Stores



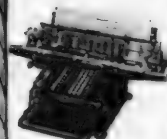
Drug Stores



Food Stores



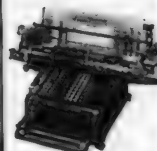
For Public Service Billing



For Miscellaneous Posting



For Distribution Work



For Accounts Payable



For Window Posting



Wherever records are
kept or money is handled,
there is need for some
product of

The National Cash
Register Company

DAYTON, OHIO



We proudly fly the Army-Navy "E"
with two stars for "unceasing excellence"
in the production of precision
instruments and other war matériel.

Sales, service, repairs and supplies, and a limited number of new and a large stock
of used Nationals are available at our 344 offices in United States and Canada



THE NEW YORK TRUST COMPANY

100 BROADWAY

MADISON AVENUE AND 40TH ST.

TEN ROCKEFELLER PLAZA

CONDENSED STATEMENT OF CONDITION

At the close of business, June 30, 1943

ASSETS

Cash on Hand and in Federal Reserve Bank	\$113,647,316.92
Exchanges, Collections and Other Cash Items	29,004,252.29
United States Government Obligations—Direct and Guaranteed	384,316,653.23
Other Bonds and Securities	19,819,483.09
Loans and Discounts	142,366,409.61
Interest Receivable, Accounts Receivable and Other Assets	2,350,546.01
Customers' Liability for Acceptances	5,211.89
Real Estate Bonds and Mortgages	3,690,098.73
Equities in Real Estate	736,767.67
	<u>\$695,936,739.44</u>

LIABILITIES

Deposits	\$629,427,860.69	
Outstanding and Certified Checks	<u>13,403,041.73</u>	\$642,830,902.42
Dividend Payable July 1, 1943		525,000.00
Accounts Payable, Reserve for Taxes and Other Liabilities		2,354,830.86
Acceptances		124,095.54
Capital	15,000,000.00	
Surplus	30,000,000.00	
Undivided Profits	<u>5,101,910.62</u>	50,101,910.62
		<u>\$695,936,739.44</u>

United States Government obligations and other securities carried at \$76,460,231.88 in the above statement are pledged to secure United States Government deposits of \$67,895,050.17 and other public and trust deposits and for other purposes required by law.

TRUSTEES

MALCOLM P. ALDRICH
New York
GRAHAM H. ANTHONY
President, Veeder-Root Inc.
ARTHUR A. BALLANTINE
Root, Clark, Buckner
& Ballantine
JOHN E. BIERWIRTH
President
JAMES C. COLGATE
Bennington, Vt.
ALFRED A. COOK
Cook, Lehman, Greenman,
Goldmark & Loeb
WILLIAM F. CUTLER
Vice-President
American Brake Shoe Company

FRANCIS B. DAVIS, JR.
Chairman of the Board
United States Rubber Company
F. TRUBEE DAVISON
President, American Museum
of Natural History
RUSSELL H. DUNHAM
Chairman of the Board
Hercules Powder Company
SAMUEL H. FISHER
Litchfield, Conn.
WILLIAM HALE HARKNESS
New York
B. BREWSTER JENNINGS
New York

HOWARD W. MAXWELL
New York
HARRY T. PETERS
New York
SETON PORTER
President, National Distillers
Products Corporation
DEAN SAGE
Sage, Gray, Todd & Sims
MORRIS SAYRE
Executive Vice-President
Corn Products Refining Co.
VANDERBILT WEBB
New York
MEDLEY G. B. WHELPLEY
Guggenheim Bros.

Member of the Federal Deposit Insurance Corporation



The LEGAL ANSWER PAGE



Qualification of Directors

(Continuation from July BANKING of statutory qualifications for bank directors recommended by the American Bankers Association.)

Specific statutory provision might be made with respect to ownership by a partner, by a joint owner, or by a husband and wife.

Tennessee is the only state which does not require a director to own stock.

The last paragraph of § 11 of the Model Bank Chartering Statute reads:

No person shall become^a an officer, director or employee of any banking institution who has been convicted of a felony or has been convicted of a violation of any of the banking laws of this state, or of any other state, or of the national banking laws, save with the written permission of the banking board.

Colorado has a provision similar to the quoted paragraph. Montana and Wisconsin disqualify for conviction of a crime against the banking laws of the United States or any state.

NOTE: The Nevada statute cited on Legal Answer Page, July 1943, prohibiting state bank director from serving as director of state or national bank in Nevada has been repealed.

What are the present statutory requirements for residence or citizenship of state bank directors generally?

The following specific requirements for some or all directors exist in the listed states:

United States citizenship:

Florida	New York
Indiana	Oregon
Louisiana	Pennsylvania
Missouri	South Carolina
Montana	

State citizenship:

Florida	Missouri
Georgia	New York
Iowa	Virginia
Louisiana	

(The Texas Banking Code of 1943 omitted the requirement as to state citizenship.)

Town or city citizenship:

New Hampshire

^a There can be added here: "or continue to serve as," to make the statute relate to a conviction while serving as director.

State residence

Alabama	Massachusetts	Ohio
Connecticut	Minnesota	Oregon
Florida	Missouri	Pennsylvania
Idaho	Montana	South Carolina
Indiana	Nevada	South Dakota
Kansas	New Jersey	Vermont
Kentucky	New York	West Virginia
Maine	North Carolina	Wisconsin
Maryland	North Dakota	

Residence in county, the county and adjoining counties, the community, or within a specified number of miles, such as 25, 50, or 100:

Colorado	Minnesota	New Mexico
Georgia	Nebraska	Oregon
Indiana	Nevada	South Dakota
Kansas	New Hampshire	Wisconsin

The above material is taken primarily from the state by state digest of qualifications for directors in the new Paton's Digest, Volume I (pp. 213 to 215), which contains complete details as to stock ownership requirements and other qualifications.

Government Bonds: Title of Surviving Beneficiary or Co-Owner

Are there any recent developments in connection with the article, War Bond Inheritance Important, in BANKING for March 1943, p. 52?

The Treasury Department has shown its great concern that the surviving beneficiary or co-owner of a government bond shall take title. It desires to intervene in cases involving such title, and has had the following successes:

The adverse opinion in *Deyo v. Adams* (1942) 178 Misc. 859, 36 N.Y.S. (2d) 734, has been reopened without a final decision as yet. Moreover, Surrogate Foley of New York County in a case involving the same parties expressed the opinion that the surviving beneficiary became the owner. N. Y. Law Journal, June 4, 1943.

Surrogate Vandermeulen of Erie County, after holding in the *Karlinski* case, (1942) 38 N.Y.S. (2d) 297, against the surviving beneficiary, allowed the Government to intervene (1943) 40 N.Y.S. (2d) 22, and later held in his favor.

Surrogate Foley held also in favor of the surviving co-owner. *Estate of Koval*, New York Law Journal, January 20, 1943.

The present trend of the cases is in support of the Treasury Department.

North of the Border

SUBSIDIES have been used in Canada as a price control measure since early in the war. In the words of the Minister of Finance, they are paid "in the interests of the consumer . . . when there is no other way of ensuring adequate supplies of a particular product . . . at prices permitted by the price ceiling." (The over-all price ceiling was established in December 1941.)

Since this pronouncement, the minister has made it clear in Parliament that he regards subsidies as an integral

part of the anti-inflationary machinery set up by the Wartime Prices and Trade Board. Payments to date have aggregated approximately \$70 million, a small figure when compared with the estimated benefit to the consumer. Since 1939 the cost of living index has risen 17 per cent as contrasted with a rise of 47 per cent in the corresponding period of the first great war. Food costs, however, are about 31 per cent higher today than four years ago, but only 12 per cent higher than in December 1941.

A crown company, the Commodity Prices Stabilization Corporation, is charged with the responsibility of making all subsidy payments under the direction of the Wartime Prices and Trade Board. They are intended to accomplish one or more of the following purposes: (1) To compensate dealers for increases in costs which were not reflected in the "basic period" price set in 1941. (2) To stimulate the output of certain foods—cheese, milk and butter, for example. (3) To compensate dealers for inventory losses attending an enforced price reduction. (4) To reduce retail prices of certain commodities—tea, coffee, butter, milk and oranges. At present, domestic subsidies are paid on leather footwear, glove and garment leather, groceries, canned goods, strawberries, peaches, beef, fertilizer and wood fuel.

Subsidies are also paid on certain essential imports when the increase in cost is a result of a price rise in the country of origin or of increased shipping costs, etc.

Wages are also under a ceiling. Every important rise in the cost of living index, however, necessitates an upward adjustment of the cost of living bonus which all employers are compelled to pay. Rising prices in the United States are, therefore, watched closely.

A CANADIAN CORRESPONDENT

Ray Atherton, of the State Department, was named Minister to Canada by President Roosevelt



INTERNATIONAL
BANKING

The First National Bank of Chicago

Statement of Condition June 30, 1943

ASSETS

Cash and Due from Banks,	\$ 389,460,494.33
United States Obligations—Direct and fully Guaranteed, Unpledged,	\$724,004,910.56
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order, 248,570,731.49 To Secure Trust Deposits,	39,595,348.84
Under Trust Act of Illinois,	519,334.08
1,012,690,324.97	
Other Bonds and Securities,	82,972,671.11
Loans and Discounts,	298,964,069.29
Real Estate (Bank Building),	4,352,992.40
Federal Reserve Bank Stock,	2,400,000.00
Customers' Liability Account of Acceptances,	986,192.81
Interest Earned, not Collected,	3,916,679.25
Other Assets,	329,384.68
	<u>\$1,796,072,808.84</u>

LIABILITIES

Capital Stock,	\$ 30,000,000.00
Surplus,	50,000,000.00
Other Undivided Profits,	4,800,150.09
Discount Collected, but not Earned,	666,116.35
Dividends Declared, but Unpaid,	900,000.00
Reserve for Taxes, etc.,	4,830,558.60
Liability Account of Acceptances,	1,093,365.52
Time Deposits,	\$ 184,261,150.87
Demand Deposits,	1,256,399,690.69
Deposits of Public Funds,	263,112,594.02
1,703,773,435.58	
Liabilities other than those above stated,	9,182.70
	<u>\$1,796,072,808.84</u>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



Condensed Statement of Condition as of June 30, 1943

(In Dollars)

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS

Cash and Due from Banks and Bankers.....	\$ 806,918,420
United States Government Obligations (Direct or Fully Guaranteed).....	2,072,406,287
Obligations of Other Federal Agencies.....	33,965,741
State and Municipal Securities.....	143,115,056
Other Securities.....	36,105,873
Loans, Discounts, and Bankers' Acceptances.....	584,133,089
Real Estate Loans and Securities.....	5,505,638
Customers' Liability for Acceptances.....	3,420,357
Stock in Federal Reserve Bank.....	4,875,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	37,483,714
Other Assets.....	696,059
Total.....	\$3,735,625,234

LIABILITIES

Deposits.....	\$3,512,094,114
(Includes United States War Loan Deposit \$384,394,365)	
Liability on Acceptances and Bills.....	\$11,076,643
Less: Own Acceptances in Portfolio.....	6,364,479
	4,712,164
Items in Transit with Branches.....	14,436,205
Reserves for:	
Unearned Discount and Other Unearned Income.....	1,623,039
Interest, Taxes, Other Accrued Expenses, etc.....	10,308,132
Dividend.....	3,100,000
Capital.....	\$77,500,000
Surplus.....	85,000,000
Undivided Profits.....	26,851,580
	189,351,580
Total.....	\$3,735,625,234

Figures of foreign branches are as of June 25, 1943, except those for enemy-occupied branches which are prior to occupation but less reserves.
\$346,211,856 of United States Government Obligations and \$11,652,907 of other assets are deposited to secure \$500,442,088 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

METHODS *and* IDEAS

JOHN J. McCANN

Charges for Redemption

DURING the June resident session of The Graduate School of Banking, Rutgers University, BANKING put some pertinent questions to the students:

We asked: "What do you think the banks' policy should be toward handling War Bonds for redemption? What service charges, if any? Should bonds be handled for customers only?"

The first dominant reaction of this unique cross-section of opinion was that banks are entitled to and should make a service charge on all War Bond redemptions, and that there should be no discrimination between dealing with customers and non-customers, providing proper identification is offered.

The most frequently mentioned service charge was 50 cents per bond, the next 25 cents, and a like number indicated that charges should be based on out-of-pocket expenses only. A few suggested that per bond fees should hold up to a certain number of bonds or a fixed valuation; thereafter additional bonds handled in the same transaction should rate a reduced fee. On this basis, several students considered \$2 as a maximum charge, figuring, for example, 50 cents for \$100 of War Bonds, plus 10 cents for each additional \$100. One or two students mentioned fees in excess of \$1 per bond, and these were intended

primarily to discourage redemptions.

The liability involved in guaranteeing endorsements influenced six students to the opinion that redemptions should be effected for customers only. Another six considered redemptions a wartime responsibility and, as such, all costs should be absorbed by the bank.

SOME controversy on the question of charging for certification of signatures arose in comparing returns. A majority, however, favored setting up service charges without breaking down the fee for specific operations. A considerable number of bankers felt that both customers and non-customers (with proper identification) should be entitled to certification of signatures without charge.

Here are some typical arguments:

From a commercial banker: "A system should be established to allow for redemption at par by any issuing institution and reimbursement by the Federal Reserve bank. Charges for redemption should be allowed to the institution handling the transaction by the issuing bank. It should also be optional whether a bank will redeem bonds or merely accept them for collection."

A Federal Reserve student said: "To avoid red tape and the tremendous burden which is now being placed on the Federal Reserve banks, I suggest that banks be permitted actually to cash the

bonds upon proper identification of the registered owner, eliminating the formal guarantee now required, and substituting merely the bank's regular endorsement stamp. This method should be adopted for all bonds with face value of \$100 or under; other denominations could be handled as at present. Bonds then would be passed through the banks like checks. It would save countless man hours."

Another student stressed the point that, "Making redemptions too convenient would accentuate the danger inherent in this tremendous volume of demand liabilities. Banks making known their 'willingness to serve' would unconsciously encourage a greater volume of redemptions before maturity."

One banker summed up his opinion in this manner: "It seems to me that it is the patriotic duty of banks to sell as many Series E Bonds as they can, and to handle as many subscriptions to the Series F and G Bonds as possible. In acting as agent for the Government in this respect, it would seem logical that the terms under which these bonds are issued should be considered. The Government has agreed to redeem them, and I believe that banks should handle these redemptions without charge as this burden does not add much to the cost of doing the entire job.

(CONTINUED ON PAGE 62)

This is the Army . . . Bank

Miss Maude Oakes, Planters Bank & Trust Company, Hopkinsville, Kentucky, is "teller-hostess" at the Camp Campbell facility

The Seattle-First National Bank, Washington, opens Fort Lawson facility. Left to right, Bankers Johnson, Berry and Colonel Branson



TODAY'S HEADLINES PROVE NEED FOR CHECKS THAT CAN BE CASHED QUICKER

JUNE 10, 1943

Banks Facing Further Loss in Key Personnel

Spencer Declares Services Must Be Cut, With of Workers Lend

From the Herald Tribune
CHICAGO, June 9. — The nation's banks face continuing losses of key personnel, with Selects scheduled sooner or later all their physically fit men of primary age and more essential likely to take on trained employees, maps

SOME PRACTICAL SUGGESTIONS

Toward Solving the Acute Problems of Bank Personnel Shortages and Increased Work for Bankers During War Times.

...normal peace time total. Other war industries in this area have experienced similar increases.

We have kept records of the number of payroll drafts cashed for shipyard workers and these total into the hundreds of thousands per year. We now cash more of these checks in a week than we cashed for the entire year of 1940. Our 1943 volume is expected to be at least three times greater than that of 1942 and six times greater than the 1941 figure.

Figures showing the increase in the average daily activity of the book-keeping department are impressive.

Banks and Selective Service Requirements

"No assurance can be given that deferments will be available for bank men, other than short-time deferments for certain key men who cannot immediately be replaced. The rank and file of good men subject to draft must go into service in their order. On the whole banking approves this program and..."

Specify Hammermill Safety for checks that are easier to read, quicker to cash. The easy-to-write-on surface helps legibility, prevents errors in reading and check clearing. Ask your check supplier for samples.



HAMMERMILL SAFETY

SAFETY PAPER DIVISION . . . HAMMERMILL PAPER COMPANY, ERIE, PA.



★
Some of the 60 stenographers from Land Title Bank and Trust Company, Philadelphia, who volunteered to type 40,000 War Bonds during the July Navy Yard campaign
★

BANKERS TRUST COMPANY

NEW YORK



CONDENSED STATEMENT OF CONDITION,
JUNE 30, 1943

ASSETS

Cash and Due from Banks	\$ 289,234,207.81
U. S. Government Securities	789,385,549.65
Loans and Bills Discounted	308,417,549.41
State and Municipal Securities	21,099,340.20
Other Securities and Investments	46,663,674.02
Real Estate Mortgages	1,538,731.86
Banking Premises	14,006,481.22
Accrued Interest and Accounts Receivable	4,890,026.83
Customers' Liability on Acceptances	646,856.06
	<u>\$1,475,882,417.06</u>

LIABILITIES

Capital	\$25,000,000.00	
Surplus	75,000,000.00	
Undivided Profits	22,515,492.38	\$ 122,515,492.38
Dividend Payable July 1, 1943		875,000.00
Deposits		1,347,633,891.94
Accrued Taxes, Interest, etc.		3,426,854.33
Acceptances		
Outstanding	780,756.35	
Less Amount in Portfolio	94,312.86	686,443.49
Other Liabilities		744,734.92
		<u>\$1,475,882,417.06</u>

Securities in the above statement are carried in accordance with the method described in the annual report to stockholders, dated January 14, 1943. Assets carried at \$189,896,555.26 have been deposited to secure deposits, including \$169,548,617.98 of United States Government deposits, and for other purposes.

Member of the Federal Deposit Insurance Corporation

"Since we sell to anyone, I feel we ought to handle redemptions for non-customers alike. If there was anything really to be gained by slowing up the number of redemptions by making a service charge, there might be some point to the practice. If we do make a charge, however, in fairness to the bondholder, he should be told that the nearest Federal Reserve banks will redeem his bonds without charge; that the local post office will certify his signature at no fee. Under these circumstances, it seems poor strategy from a public relations standpoint to insist upon such service charges during the war period. After the war, I believe charge for redemptions should be put into effect."

Statement

THE GRANITE TRUST COMPANY, Quincy, Massachusetts, recently issued a "wartime report to depositors," a more timely, more interesting version of the formal statement of condition. Done in national colors, the cover carries a panel listing a number of commonplace questions: What is my bank's financial condition? Does my bank hold much real estate? How are mortgage loans being amortized? To what extent have deposits increased? The answers are indexed, in fact, the entire report is given in question and answer form. The center spread of the folder carries the formal statement with explanatory footnotes.

New Item

A RECENT statement of condition published by the KANE (Pennsylvania) BANK AND TRUST COMPANY carried a new item—Ration Banking. It listed, to the credit of local merchants, so many pounds of coffee, sugar, gallons of gasoline, meat and processed food points, etc. This seems to be a very appropriate way to give the wartime function of ration banking some well deserved attention.

Traffic Drive

WE'VE heard of all kinds of meters, but along comes a new one with a story from the FIRST NATIONAL BANK of Louisville. Cooperating with the local police and safety officials in their drive against "jay-walking," the bank displayed a "Death-O-Meter" in one of the display windows of its downtown branch office. The clock registered injuries and fatalities day-by-day. In the foreground miniature figures demonstrated some do's and don'ts for pedestrians. It has been suggested that similar displays, sponsored by some enterprising banks, might be worked up on the subject of industrial accidents.

Those Who Serve

THE MERIDEN NATIONAL BANK, Meriden, Connecticut, runs a timely, copyrighted series of newspaper advertisements, designed to better acquaint its community with the valuable contribution to the war effort being made by the bank and its employees. Each ad features a portrait of a bank worker, with appropriate backgrounds suggesting comparable jobs in other industries. Copy is a sort of biography on the individual, with highlights of his or her job and its direct or indirect association with war services. The series supports the contention that banking is an essential war service. As part of the signature, the names of staff members in the armed forces are listed.

Clip Service

WHEN Mrs. Jones entertains some friends, or when Mr. Jones goes to Des Moines on business, or when any other resident of the town of Jefferson, Iowa, makes the personal column of the local press, the item is dutifully clipped by the HOME STATE BANK. It is pasted on a little white card, tacked to a folder on bank services and mailed to the party mentioned. Caption on the white card reads: "We have read about you! Now read about us!"

Time-Savers

THE HARTWICK NATIONAL BANK, Hartwick, New York, suggests the following time-savers for small town banks which may be faced with similar problems:

To guard against incorrect posting of account ledgers of similar names, and of ledgers which carry the same name as treasurer of several organizations, a colored paper fastened to the upper-left-hand corner of the ledgers will serve as an effective warning signal.

With a limited number of checking accounts, it is possible to single out chronic offenders who cause mis-posting by issuing illegible checks, and thereby save the time required to handle and examine all checks entered for deposit or clearance. This bank found that most errors could be traced to but four customers.

To save time in balancing incoming items and collection slips, this bank recommends running separate blocks on incoming items, collections, money orders and cashiers' checks, and individual checks. Thus the total of collection slips equals the total of personal checks, minus bank money orders and returned checks. This information helps to quickly balance books at closing.

"Back Your Buddy With A Bond"

★
The Syracuse (New York) Trust Company does "V" business with a "Back Your Buddy With A Bond" campaign. Scene: Bond booth in bank's main office lobby.



THE NORTHERN TRUST COMPANY

Statement of Condition, June 30, 1943

RESOURCES

Loans and Discounts.....	\$ 31,840,558.71
U. S. Government Securities.....	279,243,246.19
Other Bonds and Securities.....	98,812,692.09
Federal Reserve Bank Stock.....	270,000.00
Bank Premises.....	1,400,000.00
Customers' Liability, Account Letters of Credit and Acceptances.....	322,710.11
Other Resources.....	537,608.00
Cash and Due from Banks.....	115,812,491.34
TOTAL.....	\$528,239,306.44

LIABILITIES

Capital Stock.....	\$ 3,000,000.00
Surplus Fund.....	6,000,000.00
Undivided Profits.....	5,857,104.57
Reserve for Taxes, Interest, etc.....	12,466,045.22
Dividend Payable July 1, 1943.....	135,000.00
Letters of Credit and Acceptances Outstanding..	331,547.48
Other Liabilities.....	105,009.78
Deposits:	
Demand.....	\$366,514,598.08
Time.....	81,604,860.85
U. S. Government.....	52,225,140.46
TOTAL.....	\$528,239,306.44

United States Government securities carried in the above statement at \$59,392,862.57 are pledged to secure public and other monies, as required by law; and United States Government and other securities carried at \$550,945.75 are deposited with the State Authorities under the Trust Act.

Member Federal Deposit Insurance Corporation

BUY WAR BONDS

Inventory

The war work your employees are doing outside of banking hours is a story worth telling. These extra-curricular activities deserve recognition of themselves as a matter of employee relations, and also because collectively they reflect upon the bank organization. You may expect an amazing result when you inventory these activities among the staff by questionnaire.

The LINCOLN-ALLIANCE BANK AND TRUST COMPANY of Rochester, New York, tried it and this was the final tally of 351 employees:

34 Air raid wardens; 5 auxiliary firemen; 5 auxiliary police; 106 blood donors; 4 canteen corps workers; 309 contributions to Red Cross; 8 draft board members; 35 part-time factory workers; 86 in first-aid classes; 54 knitters for service men; 11 nurses' aides; 4 OPA volunteers; 10 plane spotters; 54 ration board workers; 50 Red Cross drive helpers; 343 War Bond buyers (regular); 77 in other activities.

Punctuality

TO HOLD DOWN overtime, to make employees a little more punctual in clocking in and out at lunch time, as

well as to reduce absenteeism, the FIRST NATIONAL BANK of Palm Beach, Florida, has devised a novel plan: Every other week the names of all members of the staff are placed in a hopper for a drawing of a \$25 War Bond prize. The lucky name receives the prize, providing he has not missed a day of work in the preceding two weeks without being excused by an officer in writing and so certified to the judges; providing he has not worked more than 40 hours during each of the two weeks; providing his lunch schedule is perfect. If the employee cannot qualify for his award, it is placed in a jackpot for the next succeeding winner.

This plan, we're told, works like a charm.

After Hours

THE FIRST NATIONAL BANK of Port Arthur, Texas, proves a case for after-hour banking in war production areas. This bank serves its share of the war workers of five major petroleum companies, shipwrights and laborers from the Gulf Coast, and construction gangs now building one of the largest rubber plants in the world nearby.

In little more than a year, the population of Port Arthur jumped from 41,000 to 75,000, and is still growing. The bank's deposits doubled in the past year; commercial accounts increased by one-third, while the bank was obliged to expand its staff by 25 per cent.

Despite these obvious handicaps, the banks of the area designated Friday evenings 6 to 8 P. M. for war workers only. All regular departments are open for business. This practice has solved the problem, without affecting wage-hour schedules seriously, and has resulted in rendering practically normal service to local business.

(CONTINUED ON PAGE 66)

This scene is an average Friday "war-worker hour" at the First National Bank, Port Arthur



STATEMENT OF CONDITION

Mercantile-Commerce Bank and Trust Company

Locust - Eighth - St. Charles
St. Louis

JUNE 30, 1943

THE RESOURCES

Cash and Due from Banks	\$67,408,439.19
U. S. Government Obligations, direct and guaranteed (including \$36,012,510.26 pledged*)	128,976,278.22
Other Bonds and Securities	27,908,003.79
Demand and Time Loans	35,937,154.15
Stock in Federal Reserve Bank in St. Louis	420,000.00
Real Estate (Company's Building)	2,790,536.40
Other Real Estate (Former Bank of Commerce Bldgs.)	1,500,000.00
Overdrafts	35,366.50
Customers' Liability on Acceptances and Letters of Credit	793,407.06
Other Resources	66,387.24
	<u>\$265,835,572.55</u>

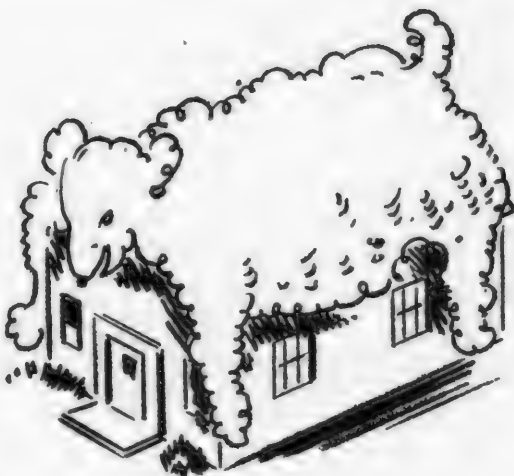
THE LIABILITIES

Capital Stock	\$10,000,000.00
Surplus	4,000,000.00
Undivided Profits	\$3,794,603.45
Reserve for Dividends Declared	450,000.00
Reserve for Interest, Taxes, etc.	710,665.16
Unpaid Dividends	3,750.00
Bank's Liability on Acceptances and Letters of Credit	793,407.06
Other Liabilities	10,678.10
Deposits, Secured: Public Funds	\$ 33,262,322.89
Other Deposits, Demand	179,588,808.11
Other Deposits, Time	33,221,337.78
	<u>\$265,835,572.55</u>

*All Securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The House in SHEEP'S CLOTHING



One day a man asked his banker for a mortgage loan. Everything about the deal looked good—The house—The man—and his ability to pay. So the banker was happy to make the investment.

But wait! Not long there-after he began to get mean letters from this man. The man was hopping mad. He'd found there weren't enough electrical outlets. The water heater didn't work. His house cost too much to heat. In fact he yelped about all operating costs. He gave the banker no peace. Finally he quit paying altogether. The poor banker found that the house was a wolf in sheep's clothing.

MORAL: If the equipment in the house is good the mortgage on the house is better. Which is a good thing to remember when making mortgage loans on new post-war homes.

GENERAL ELECTRIC

GENERAL ELECTRIC HOME BUREAU • BRIDGEPORT, CONNECTICUT



METHODS—Continued

Check Dividend

THE MORRIS PLAN BANK of Washington, D. C., is conducting an experimental promotion on no-minimum-balance checks. The next 1,000 customers who purchase a book of checks (10 for \$1) will find an attractive folder enclosed in the book with an extra free check inserted. The folder says simply, "Use this 11th check as you would any of the other 10 checks in the book. It is given to you as a reminder of how convenient it is to pay your bills and handle your other business affairs by check."

Since everyone likes to get something free every now and then, the bank feels that its "11th check" dividend will help stimulate activity.

Computax

THE BOATMEN'S NATIONAL BANK of St. Louis has digested the Current Tax Payment Act of 1943, covering income, estate and gift taxes, in a 24-page pocket-size booklet, called Computax. With a simple formula for interpreting the various tables which apply to all phases of the tax law, it is possible to determine the taxes due on any given amount, under any given set of conditions.

Private Enterprise

WHAT IS Private Enterprise? It is the natural desire to make your own way, as far as your ability will take you; an instinct that has brought to this continent the highest standard of life enjoyed by any people on earth. It is the spirit of democracy on the march. . . . That definition is carried on a series of outstanding advertisements sponsored by the ROYAL BANK OF CANADA, whose aim is to reduce to simplest form through institution advertising the very essence of the Canadian social setup, and to distinguish between irresponsible theories and practical postwar planning. By illustrating Private Enterprise as the school boy, the war worker, the soldier, the cross-roads grocer, etc., this series helps to dispel the misconception of the term as meaning big industry, big corporations, and other overpowering social manifestations. It is a series that talks to and for the man-in-the-street.

Bank Page

The *Meadville Bank Notes*, sponsored by Meadville (Pennsylvania) banks, is a good example of wartime cooperation. Published as a full-page advertisement in local newspapers, it carries a special masthead and is entirely devoted to news stories of banking and business of interest to the local audience. The first edition covered stories on Treasury financing, ration banking, farm loans, War Bonds, together with news pictures. In the lower right corner appeared a cooperatively sponsored display ad featuring War Bonds. *Bank Notes* will be published monthly in the future and will emphasize the activity of banking in local business news.

The Denver National Bank (Colorado) helps dispel fear in war-important plasma drive



Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

CALIFORNIA'S ONLY STATEWIDE BANK

Condensed Statement of Condition June 30, 1943

RESOURCES

Cash in Vault and in Federal Reserve Bank	\$ 389,032,264.76
Due from Banks	195,091,420.19
TOTAL CASH	\$584,123,684.95
Securities of the United States Government and Federal Agencies	1,470,535,823.79
State, County and Municipal Bonds	179,303,919.22
Other Bonds and Securities	53,871,604.02
Stock in Federal Reserve Bank	3,720,000.00
Loans and Discounts	777,652,890.15
Accrued Interest and Accounts Receivable	7,915,530.23
Bank Premises, Furniture, Fixtures and Safe Deposit Vaults	26,715,718.78
Other Real Estate Owned	2,407,138.17
Customers' Liability on Account of Letters of Credit, Acceptances and Endorsed Bills	20,265,659.10
Other Resources	1,125,917.26
TOTAL RESOURCES	\$3,127,637,785.67

LIABILITIES

DEPOSITS:		
Demand	\$1,844,142,252.67	\$2,937,266,512.99
Savings and Time	1,093,124,260.32	
Liability for Letters of Credit and as Acceptor, Endorser or Maker on Acceptances and Foreign Bills		20,578,360.83
Reserve for Interest Received in Advance		3,705,645.30
Reserve for Interest, Taxes, Etc.		4,561,586.30
Capital:		
Common (4,000,000 Shares)	\$ 50,000,000.00	
Preferred (406,132 Shares)*	8,122,640.00	
Surplus	52,000,000.00	
Undivided Profits	20,349,841.64	
Reserve for War Contingencies, etc.	13,919,040.87	
Other Reserves	3,002,244.09	
Reserve for Increase of Common Capital	3,877,360.00	
Preferred Stock Retirement Fund	254,753.65	
TOTAL CAPITAL FUNDS	161,525,680.25	

TOTAL LIABILITIES \$3,127,637,785.67

*Issued at \$50 (\$20 Capital—\$30 Surplus). Annual Dividend \$2. Preferred to extent of and retireable at issue price and accrued dividends.

This statement includes the figures of the London, England, banking office.

MAIN OFFICES IN TWO RESERVE CITIES OF CALIFORNIA
SAN FRANCISCO LOS ANGELES



Branches throughout California united for strength and service



Portable

One answer to the problem of overcrowded lobbies is suggested by the CITY NATIONAL BANK OF BATON ROUGE, Louisiana. The idea is a portable teller's cage, which can be wheeled out in the center or a corner of the congested lobby to draw off some of the unwieldy lines at regular tellers' wickets. The bank built its "rush service" vehicle of wood, and announced the installation in local newspapers with pictures showing customers being served.

Series

The LAFAYETTE NATIONAL BANK of Brooklyn, New York, carries on an interesting "Know Your Bank" campaign with monthly blotters—a medium seldom used in serial form. The first of the set simply listed the various facilities and departments of bank service. Subsequent numbers explain in some detail the operation and advantages of each phase of service. Although there is a "family" resemblance—typographically—to the set, varied colors of stock add interest.

Currency Packs

Another speed-up idea for serving war workers was put into effect recently by the MERIDEN (Connecticut) NATIONAL BANK. Currency packs containing \$30, \$40 and \$50 are made up in advance of paydays in varied colored envelopes. The assortment of bills—printed on the face of the envelope—is considered the average breakdown of a paycheck by local workers. It then becomes a simple matter for a teller to add currency from the cash drawer to the currency pack when cashing checks for odd amounts. The bank plays up this little feature in newspaper advertising, pointing out that it saves time, speeds up service and saves asking for smaller bills.

Institutional

The broader advertising objectives noted in current campaigns sponsored by a number of big-city banks indicates a desirable trend. This treatment generally classified as institutional copy aims at a much wider field than local interest; it is addressed to a nation-wide segment of the general public.

One case in point is the BANK OF NEW YORK campaign appearing in national weekly magazines. Copy is highly suggestive rather than informative. It poses certain fundamentals for thinking Americans which will make or break the postwar era.

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business
June 30, 1943

RESOURCES

Cash and Due from Banks	\$330,842,294.15
U. S. Government Securities	805,566,229.02
U. S. Government Insured	
F. H. A. Mortgages	9,688,824.67
State and Municipal Bonds	23,632,686.60
Stock of Federal Reserve Bank	2,229,200.00
Other Securities	33,845,544.36
Loans, Bills Purchased and	
Bankers' Acceptances	276,254,773.76
Mortgages	13,949,773.81
Banking Houses	12,301,280.15
Other Real Estate Equities	2,166,858.28
Customers' Liability for Acceptances	3,750,659.22
Accrued Interest and Other Resources	3,087,714.59
	\$1,517,315,838.61

LIABILITIES

Preferred Stock	\$ 8,307,640.00	
Common Stock	32,998,440.00	
Surplus and		
Undivided Profits	46,255,896.09	87,561,976.09
Reserves		7,516,899.96
Dividend on Common Stock		
(Payable July 1, 1943)		824,959.50
Dividend on Preferred Stock		
(Payable July 15, 1943)		207,691.00
Outstanding Acceptances		4,401,881.65
Deposits		1,416,802,480.41
		\$1,517,315,838.61

United States Government and other securities carried at \$140,233,401.64 are pledged to secure U. S. Government War Loan Deposits of \$103,136,633.79 and other public funds and trust deposits, and for other purposes as required or permitted by law.

DIRECTORS

EDWIN M. ALLEN President, Mathieson Alkali Works, Inc.	CHARLES FROEB Chairman, Lincoln Savings Bank	C. R. PALMER President, Cluett, Peabody & Co., Inc.
EDWIN J. BEINECKE Chairman, The Sperry & Hutchinson Co.	PAOLINO GERLI President, E. Gerli & Co., Inc.	GEORGE J. PATTERSON President, Scranton & Lehigh Coal Co.
EDGAR S. BLOOM President, Atlantic, Gulf and West Indies Steamship Lines	HARVEY D. GIBSON President	HAROLD C. RICHARD Chairman, General Bronze Corporation
LOU R. CRANDALL President, George A. Fuller Company	JOHN L. JOHNSTON President, Lambert Company	HAROLD V. SMITH President, Home Insurance Co.
CHARLES A. DANA President, Spicer Manufacturing Corp.	OSWALD L. JOHNSTON Simpson Thacher & Bartlett	ERNEST STAUFEN Chairman, Trust Committee
HORACE C. FLANIGAN Vice-President	CHARLES L. JONES The Charles L. Jones Company	GUY W. VAUGHAN President, Curtiss-Wright Corporation
JOHN M. FRANKLIN New York City	SAMUEL McROBERTS New York City	HENRY C. VON ELM Vice-Chairman of the Board
	JOHN P. MAGUIRE President, John P. Maguire & Co., Inc.	ALBERT N. WILLIAMS President, Western Union Telegraph Company

Principal Office: 55 Broad Street, New York City

68 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System

Member New York Clearing House Association

Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of \$20 each. The Preferred is convertible into and has a preference over the Common to the extent of \$50 per share and accrued dividends.

Heard Along Main Street

SERGEANT PILOT K. J. ROSTANT, formerly of the Port of Spain, Trinidad branch, Royal Bank of Canada, can tell you how it feels to go spiralling down through space for 16,000 feet, and then to discover that the blooming parachute leaks like a sieve.

His squadron took off to patrol and sweep the battlefield. A half hour later they were jumped by several ME 109's; one of them pumped lead and explosive shells into ROSTANT's plane from a difficult deflection shot. He was temporarily blinded by exploding shells careening into his cockpit. Shrapnel blew the instrument panel to bits before his eyes. One landed on the armor plating at the back of his head causing him to bound forward, crashing into the reflection sight.

He writes: "As soon as I realized that I was being hit I pulled the aircraft around in a terrific steep turn, out of which I never recovered, but went spinning down out of control.

"I tried to get her out of the spin, but nothing worked, so I decided to bail out. I discovered I could not budge, something was holding me back. I finally managed to get half my body out of the cockpit, got hold of the wing roots at the back of the wings, and with both hands gave a lusty yank.

"At 4,000 feet the parachute opened beautifully, but you can imagine my surprise when I saw little bits of silk floating down all around me. I looked up to notice my parachute pretty well perforated; I must have gotten a shell in it.

"The first time I saw stars in daylight was when my chute opened—it was quite a jerk—but floating down compensated for everything. It was magnificent, despite the leaks. I landed beautifully, undid my harness, and started to examine the damage.

"My plane was a mile away burning furiously. My flying boots had blown off as I bailed out. My flying suit was ripped and burned from end to end. My nose was bleeding, a skin wound over the eye from shrapnel, a piece in the thigh, knee and right foot, not counting many lacerations. In a half hour I was picked up by forward troops and toted home on a Bren carrier."

Pilot ROSTANT was later shot down over the Mediterranean, picked up by an enemy warship, and is now a prisoner in Germany.

"One for Steve." High over North Africa recently, Lieutenant EDWARD T. WATERS sighted a ME 109. He tells the rest in *The Teller* of The Detroit Bank:

"You asked whether I remembered my promise to get a couple of Axis planes for you. When I got my latest victory, in squeezing the button, I said, 'Here goes one for old Steve Miller.' Sure enough — that's all I needed, because down he went.

"With the first burst I missed. The second fired his right engine, and the third messed up his left wing. He flipped over, went straight down and crashed."

That's how matter-of-factly one ex-banker chalks up the score for his buddies back home.

Writing from Enid, Oklahoma, Army Flying School, where he is now stationed, Lieutenant JOSEPH B. HALLISEY, formerly of the Hill Street Branch of the Citizens National Bank and Trust Company, tells of his graduation from Officer's Training at Miami Beach, Florida:

"Graduation was a great event, and 4,000 men became officers that day. The solemn moment as we took oath, and the silence that followed, was broken after a full moment by a single word, 'Dismissed'.

"The cheer that broke loose at that moment rent the air, and one reporter said he heard it five blocks away. I'm

MAYBE you've heard about the employees' religious service that is held each morning before business starts at the First National Bank of Pikeville, Kentucky.

The photographer who visited the

bank not only got a picture of one of these meetings, but also of the Victory bell atop the bank, rung each time a War Bond is sold.

The morning service includes hymns, Bible verses, a poem and a "thought for

the day." The bank also gives frequent informal concerts on its electric organ during the day for the benefit of customers.

The religious service was instituted 13 years ago; the Victory bell was installed last year.

John M. Yost, vice-president and cashier, who is responsible for the novel ideas, is at the left in the picture, with members of the staff.



WIDE WORLD PHOTO
BANKING

BUY WAR BONDS

CHARTER NO. 13738

REPORT OF CONDITION OF

RESERVE DISTRICT NO. 7

THE MANUFACTURERS NATIONAL BANK OF DETROIT

in the State of Michigan

AT THE CLOSE OF BUSINESS ON JUNE 30, 1943. PUBLISHED IN RESPONSE TO CALL MADE
BY COMPTROLLER OF THE CURRENCY, UNDER SECTION 5211, U. S. REVISED STATUTES

ASSETS

Loans and discounts (including \$15,931.89 overdrafts)	\$ 43,197,033.20
United States Government obligations, direct and guaranteed	249,275,918.41
Obligations of States and political subdivisions	977,760.02
Other bonds, notes, and debentures	11,590,992.94
Corporate stocks (including \$240,000.00 stock of Federal Reserve Bank)	339,500.00
Cash, balances with other banks, including reserve balance, and cash items in process of collection	97,479,603.18
Bank premises owned \$330,396.88, furniture and fixtures \$1.00	330,397.88
Real estate owned other than bank premises	52,928.56
Other assets	716,519.03
TOTAL ASSETS	\$403,960,653.22

LIABILITIES

Demand deposits of individuals, partnerships, and corporations	\$288,252,098.58
Time deposits of individuals, partnerships, and corporations	44,038,055.85
Deposits of United States Government	20,421,333.57
Deposits of States and political subdivisions	9,727,195.66
Deposits of banks	27,833,783.00
Other deposits (certified and cashier's checks, etc.)	2,358,890.94
TOTAL DEPOSITS	\$392,631,357.60
Other liabilities	883,194.91
TOTAL LIABILITIES	\$393,514,552.51

CAPITAL ACCOUNTS

Capital stock, common, total par	\$ 3,000,000.00
Surplus	5,000,000.00
Undivided profits	1,921,758.95
Reserves	524,341.76
TOTAL CAPITAL ACCOUNTS	10,446,100.71
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	\$403,960,653.22

MEMORANDA

Pledged assets (and securities loaned) (book value):	
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	\$31,987,720.57
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	252,280.57
TOTAL	\$32,240,001.14
Secured liabilities:	
Deposits secured by pledged assets pursuant to requirements of law	\$20,174,679.55

State of Michigan, County of Wayne, ss:

I, R. C. Wandel, Cashier of the above-named bank, do solemnly swear that the above statement is true to the best of my knowledge and belief.

R. C. Wandel, Cashier

Sworn to and subscribed before me this
2nd day of July, 1943

CORRECT—Attest:

M. W. Sales
Wesson Seyburn
Benson Ford

Directors

SEAL

P. S. Johnson,
Notary Public

DIRECTORS

CHARLES K. BARTOW
GEORGE W. KENNEDY

GEORGE R. FINK
CLIFFORD B. LONGLEY

*BENSON FORD
MURRAY W. SALES

SHERWIN A. HILL
HENRY H. SANGER

CHARLES A. KANTER
WESSON SEYBURN

OFFICES

Dearborn

Detroit

Penobscot Building

Highland Park

*Serving with the Armed Forces

Member Federal Deposit Insurance Corporation

BUY WAR BONDS

MAIN STREET—Continued

pretty sure that day will be remembered all the rest of my life."



Lt. Col. GRANVILLE CARREL, formerly assistant cashier, The National City Bank of New York, had an experience in Edinburgh, Scotland, which he visited for the first time a few months ago, that probably cannot be topped by any other United States soldier at home or abroad—he had the thrill of meeting himself as Private Granville Carrel, in a sculptor's bronze and kilts.

It happened like this. While a mem-

ber of the University of Pennsylvania football team, CARREL helped pay his way through college by posing for Dr. Tait Mackenzie's famous kilted Scotsman which forms the centerpiece of the beautiful Scottish-American war memorial in Princes Street Garden, Edinburgh. Dr. Mackenzie, in addition to being a sculptor, was athletic director of the U. of P.

Lt. Col. CARREL sat for the sculptor for four years and as Dr. Mackenzie explained the idea which he hoped to symbolize, the student's own interest in it grew until he became as engrossed by it as its designer. Not only did he pose for the central figure, but for each



Lt. Col. Carrel, in person, inspects Pvt. Carrel, in bronze



Statement of Condition

At the Close of Business
June 30, 1943

ASSETS

Cash on Hand and Due from Banks	\$ 68,732,137.54
United States Securities Owned	116,903,028.78
Stock in Federal Reserve Bank	330,000.00
Other Stocks and Bonds	2,629,289.41
Loans and Discounts	50,221,908.58
Furniture and Fixtures	256,762.19
Banking House	2,185,000.00
Other Real Estate	206,260.08
	<hr/>
	\$241,464,386.58

LIABILITIES

Capital Stock	\$ 5,000,000.00
Surplus Fund	6,000,000.00
Undivided Profits, Net	4,796,905.30
Reserved for Taxes, Etc.	495,052.50

Deposits

Individual	\$135,111,706.45
Banks and Bankers	67,680,493.43
U. S. Government	22,380,228.90
	<hr/>
	225,172,428.78
	<hr/>
	\$241,464,386.58

FIRST NATIONAL BANK
IN DALLAS MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

of the representative figures in the mural frieze. The heads were modeled from different people, but in each case the figure was that of Lt. Col. CARREL, who, incidentally, was a major at the time he visited Edinburgh.

"The Scotsman," an Edinburgh paper, intends to use a photograph of the statue on its 1944 calendar, which has wide circulation in the United States.

Lt. Col. CARREL, who has served in the NCB's personnel department as educational director and later in the domestic district and advertising department, joined the Air Corps and is now stationed in England. His father, L. B. Carrel, of Greeley, Colorado, is cashier and trust officer of the Greeley National Bank.



Writing from U. S. Naval Training Station, San Diego, E. W. ALLEN, former zone supervisor in Bank of America, Los Angeles, says he has been reading about so many bankers' handling army finances after induction, and wants it known that in the disbursing office where he works a branch Bank of America could be opened with personnel on hand. He makes the following suggestions:

Manager—Ensign JAMES M. GARRISON, LAHQ (would be manager because of his rank.)

Pro—A. C.—L. C. JOHNSON, Napa USNR

Inspector—C. D. MOSLER, Los Angeles, USNR

Bookkeeper—JACK BOGGESS, Long Beach, USNR

I. C. L.—E. W. ALLEN, USNR

I. C. L.—New Business, JACK FITZGERALD, Los Angeles

"In the event business increased too much," adds ALLEN, "we could solicit help from many other men in the office who were formerly with banking institutions throughout the country. We even have one former national bank examiner."

"The efficiency and accuracy of former bank men is reflected by the fact that the quarterly returns made by our paymaster to the Bureau of Supplies and Accounts in Washington had fewer errors than ever before, which brought forth a compliment from the head of the Examining Bureau."

Private RAY PARKHURST gives a Coast Artillery anti-aircraft version of "This Is The Army," in a letter reprinted in the service men's round-robin bulletin published by the NATIONAL NEWARK & ESSEX BANK, Newark, New Jersey:

"I like this outfit. Am now in my 11th week with two more to go. It is wonderful training, designed to toughen us. Right now we are at the 15 mile hike stage. We also study machine guns and 40 mm. guns and spend much time on gunnery."

"A contingent of WAACs arrived in camp this week. They look pretty snappy in their uniforms. Officers are not allowed to associate with them, whereas we fellows are. Needless to say, the boys are wasting no time."

"We have plenty of everything here—meat, butter, cream, sugar—and I am slowly putting on weight. Uncle Sam is a great guy."

ROBERT FOSTER MADDOX, Atlanta banker, has been honored for his service to the cause of better public health in Georgia.

Mr. MADDOX, long identified with the First National Bank of Atlanta, has been a member of the State Board of Health for 29 years and its chairman

for 20. In recognition of that service, fellow members presented his portrait to the state. It will hang in the Department of Public Health library.

Writing of his career, *Georgia's Health*, published by the department, said:

"In his chosen field of banking he achieved great success, adding further prestige to an already eminent family name. In addition to many responsible positions in the banking world, he was chairman of the board of directors of the First National Bank of Atlanta until he resigned that office in 1934. Today he is a director of that institution and holds the post of chairman of the finance

committee and chairman of the trust committee. His interest in the banking business was not limited to his own bank as he has served as president of the Georgia Bankers Association, as a member of the Executive Council of the American Bankers Association in 1916 and as president of the national body in 1918."

Eight new members of the Wisconsin Bankers Association's Fifty Year Club were honored by the association at a dinner in Milwaukee earlier this Summer. They are active bankers, having



ALL-OUT PRODUCTION

NOW that the construction phase of the war program has passed its peak, the nation has buckled down to all-out production. This means more problems for more sub-contractors and suppliers; also more problems for the banks that serve them, especially in communities where war production is relatively new.

During the past two years, the American National Bank and Trust Company has assisted many companies, large and small, in the analysis and financing of their war contracts and sub-contracts. Its broad experience in these matters, covering many different types of product, both raw and finished, is available to any correspondent bank that cares to use it. Inquiries will receive prompt attention.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

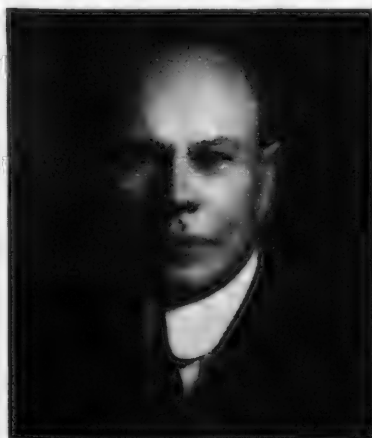
LA SALLE STREET AT WASHINGTON

Member Federal Deposit



Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESS



completed a half century of service in the profession. Those honored with 50-year certificates were:

CHARLES J. BREITZMAN, vice-president, First Fond du Lac National Bank; FREDERICK A. CHADBURN, president, First National Bank, Columbus; JOHN W. HANSEN, president, Citizens State Bank, Sheboygan; LOUIS T. HILL, vice-president, Bank of Sparta; OTTO E. KAUFMANN, vice-president, Security National Bank, Sheboygan; CHARLES J. KUHNMUENCH, president, West Side Bank, Milwaukee; EDWIN SCHUETTE, president, Manitowoc Savings Bank; ROY L. STONE, vice-president, First Wisconsin National Bank, Milwaukee.



The last word BANKING had from WILLIAM T. KEMPER, JR., president of the Kemper State Bank at Boonville,

Missouri, he was a sergeant in the Army Air Forces Technical Training Command at Kearns, Utah. He had previously been at Buckley Field, Denver, and the Army Air Base at Lincoln, Nebraska.

"You can tell anyone I know," he wrote, "that old Country Banker Kemper is perfectly satisfied in the present job and is damned glad he came in as a buck private. The ones who didn't haven't seen the future America yet. Living in a barracks with meat cutters, mechanics, farmers, telegraph messengers, etc., gives one a pretty complete picture of what is going to happen."

As you'll notice, the picture was taken when the sergeant was still a corporal.

Honorary degrees were conferred upon two members of the Graduate School of Banking faculty by Dr. ROBERT C. CLOTHIER, president of Rutgers University, at the 1943 graduation exercises.

DAVID C. BARRY, vice-president of the Lincoln-Alliance Bank & Trust Company, Rochester, New York, was presented by RICHARD HILL, registrar, for a Master of Arts degree. Mr. BARRY is president of the first graduating class of the Graduate School, and is an instructor in Commercial Banking V.

OLIVER HOWARD WOLFE, chief of the general office division, Philadelphia District, War Department, on leave as cashier of the Philadelphia National Bank, was presented by Dr. HAROLD STONIER, director of the School for a Doctor of Laws degree. Mr. WOLFE lectures in Commercial Banking IV.

Lieut. Jane S. Bennett, daughter of C. E. Bennett, president, Tioga County Savings and Trust Co., Wellsboro, Pa., was recently made commanding officer of a WAC company at Fort Brady, Michigan



Guaranty Trust Company of New York

Fifth Ave. at 44th St. 140 Broadway Madison Ave. at 60th St.

London: 11 Birchin Lane, E. C. 3; Bush House, W. C. 2

Condensed Statement of Condition, June 30, 1943

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 518,735,739.93
U. S. Government Obligations	1,841,302,185.91
Loans and Bills Purchased	624,160,820.02
Public Securities	\$ 37,038,860.51
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities and Obligations	20,154,996.39
Credits Granted on Acceptances	3,017,637.44
Accrued Interest and Accounts	
Receivable	8,104,293.84
Real Estate Bonds and Mortgages	1,663,328.85
	77,779,137.03
Bank Buildings	10,439,996.19
Other Real Estate	1,071,161.13
Total Resources	\$3,073,489,040.21

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	25,453,135.81
Total Capital Funds	\$ 285,453,135.81
Deposits	\$2,741,653,523.11
Treasurer's Checks Outstanding	17,183,267.50
Total Deposits	2,758,836,790.61
Federal Funds Purchased	11,400,000.00
Acceptances	\$ 5,220,409.93
Less: Own Acceptances	
Held for Investment	2,202,772.49
	\$ 3,017,637.44
Liability as Endorser on Acceptances and Foreign Bills	108,365.00
Foreign Funds Borrowed	152,550.00
Dividend Payable July 1, 1943.	2,700,000.00
Items in Transit with Foreign Branches and Net Difference in Balances Between Various Offices Due to Different Statement Dates of Foreign Branches	1,063,284.80
Miscellaneous Accounts Payable, Accrued Taxes, etc.	10,757,276.55
	17,799,113.79
Total Liabilities	\$3,073,489,040.21

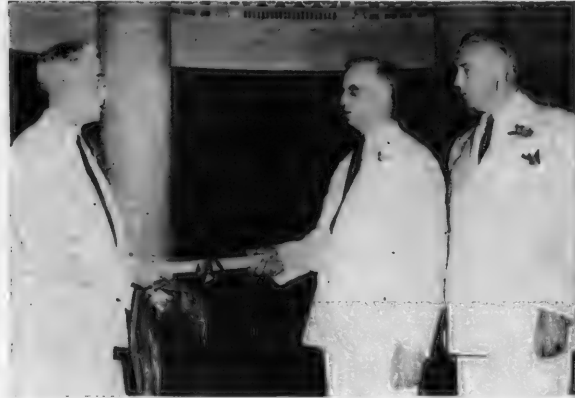
Securities carried at \$520,777,600.09 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English Branches as of June 26, 1943, French Branches as of October 31, 1942, and Belgian Branch as of October 31, 1941.

Member Federal Deposit Insurance Corporation



President Clothier, Mr. Barry, Mr. Hill



President Clothier, Mr. Wolfe, Dr. Stonier

The School is conducted by the American Bankers Association.

CHARLES B. ENSLOW, president, National City Bank of Evansville, Indiana, was honored recently by the local Rotary Club, which presented him with the club's 1942 civic award for his service to the community and nation as director of the Vanderburgh County Office of Civilian Defense.

Each year the club gives the award to the person or persons who have performed outstanding service to the community. MR. ENSLOW's name was placed on the Rotary civic award plaque at the Evansville museum.

In making the Rotary presentation, Louis Rothenburg, president of Servel, Inc., and chairman of the Civilian Defense Council, reviewed the accomplishments of the OCD under MR. ENSLOW's direction. MR. ENSLOW was appointed OCD director by the State Defense Council in November 1941; he received a service award by OPA in December 1942 for outstanding achievement in coordinating the war price and rationing program and civilian defense, and on March 8 of this year he was appointed a member of the state defense council by Governor Schricker.

MR. ENSLOW is a member of the Eighth Federal Reserve District War Finance Committee and the Indiana War Finance Committee. He also was a member of the special gifts committee during the 1943 Red Cross war fund drive.

The employees of the First National Bank and Trust Company, Tulsa, Oklahoma, presented Mrs. R. OTIS MCCLINROCK, wife of the president of the bank, with her husband's portrait painted by Josef Sigall, together with a leather-bound album containing the signatures of the staff.

THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS

★
STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS
JUNE 30, 1943

★ RESOURCES

CASH AND DUE FROM BANKS	\$ 40,103,177.87
UNITED STATES GOVERNMENT SECURITIES	45,441,326.85
MUNICIPAL AND LAND BANK SECURITIES	3,665,876.37
OTHER SECURITIES	1.00
STOCK FEDERAL RESERVE BANK	124,500.00
LOANS AND DISCOUNTS	23,489,416.04
INCOME EARNED — UNCOLLECTED	139,526.57
BANKING HOUSE	\$ 1,537,500.00
FURNITURE AND FIXTURES	1.00
OTHER REAL ESTATE	100,001.00
ASSETS IN LIQUIDATION	1.00
CUSTOMERS' LIABILITY — LETTERS OF CREDIT	239,947.63
OTHER RESOURCES	21,719.66
TOTAL	\$114,862,994.99

LIABILITIES

DEPOSITS:	
INDIVIDUAL	\$67,689,635.07
BANK	28,313,959.40
U. S. GOVERNMENT	9,974,611.95
OTHER PUBLIC FUNDS	2,671,943.15
LETTERS OF CREDIT ISSUED	239,947.63
INCOME COLLECTED — UNEARNED	47,459.63
RESERVE — INTEREST, TAXES, AND EXPENSES	386,647.68
RESERVE — BOND PREMIUMS AMORTIZED	282,987.91
OTHER LIABILITIES	2,634.20
CAPITAL ACCOUNT:	
COMMON STOCK	\$ 2,500,000.00
SURPLUS	1,650,000.00
UNDIVIDED PROFITS	503,168.37
RESERVE FOR CONTINGENCIES	600,000.00
TOTAL	\$114,862,994.99

U. S. Government and other securities carried at \$18,235,782.91 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

Member Federal Deposit Insurance Corporation



PRESS ASSOCIATION

Mrs. Oveta Culp Hobby, commander of the Women's Army Corps, takes the oath as a colonel in the Army of the United States. Mrs. Hobby is a director of the Cleburne (Texas) National Bank. The generals in the picture are, l. to r., Lewis, Marshall, and Somervell

Have You Heard?

EDWARD A. WAYNE, formerly secretary of the North Carolina Bankers Association, has been elected vice-president of the Federal Reserve Bank of Richmond, effective August 1, to succeed W. R. MERCER in charge of the bank examining department. Mr. MERCER will assume supervision of important operational work.

F. H. RICKETSON, JR., director of The Denver National Bank, is taking the helm of Colorado's new United War Chest as president. ROBLIN H. DAVIS, the bank's president, is treasurer.

ELMER W. POLLOCK, formerly cashier of The First National Bank and Trust Company of Tulsa, Oklahoma, is now vice-president and assistant treasurer of the Deep Rock Oil Corporation.

Wisconsin members of the A.B.A. have elected S. N. PICKARD, president of The National Manufacturers Bank, Neenah, a member of the A.B.A. Executive Council, to serve until adjournment of the Association's 1943 convention in New York in September. HENRY J. STEEPS, president of the Baraboo National Bank, was elected to the Council for a three-year term following the convention.

Miss RUTH MILLER, librarian, Central Hanover Bank and Trust Company, New York, has been elected chairman of the Financial Group, Special Libraries Association. She succeeds Miss MARY P. MCLEAN, librarian of the American Bankers Association. The new vice-chairman is Miss VERA KNOX, librarian of the Tax Foundation. Miss MARGARET SIEGMUND, librarian, Bankers Trust Company of New York, was re-elected secretary-treasurer of the Group.

A. KEY FOSTER, vice-president of the Birmingham Trust & Savings Company, has been named by Alabama's Governor Chauncey Sparks to head the state's second War Chest Appeal; tentatively set for October.

DUNLAP C. CLARK, chairman of the board, American National Bank of Kalamazoo, Michigan, has been promoted to a colonelcy in the Army. He has been transferred to the Office of the Deputy Chief of Staff for Service Commands, Army Service Forces, and named chief of the fiscal branch of a new division established by that office.

The Boatmen's National Bank, St. Louis, holds two important A.I.B. posts. HUGH S. HAUCK is president of the local chapter; D. L. COLBY is the new national president.



CLEVELAND, OHIO

CONDENSED STATEMENT OF CONDITION, JUNE 30, 1943

ASSETS

Cash on Hand and in Banks	\$147,778,128.55
United States Government Obligations	418,288,386.98
Stock in Federal Reserve Bank	981,000.00
State, Municipal and Other Securities	14,593,680.75
Loans and Discounts	135,026,674.69
Banking Premises	4,982,096.81
Other Real Estate	1,756,719.65
Other Resources	1,678,597.05
Customers' Liability on Acceptances	70,044.46
Total	\$725,155,328.94

LIABILITIES

Capital Stock	\$13,800,000.00
Surplus and Undivided Profits	9,592,035.98
Reserve for Contingencies	2,167,504.88
Capital Notes	11,000,000.00
Retirement Fund for Capital Notes	1,000,000.00

DEPOSITS

Demand	\$422,926,119.85
Time	236,730,965.78
Estates Trust Department	16,977,881.51
Corporate Trust Department	5,785,018.26
Total	682,419,985.40
Accrued Taxes, Interest, etc.	1,841,582.44
Other Liabilities	3,264,175.78
Acceptances Executed for Customers	70,044.46
Total	\$725,155,328.94

Contingent Liability on Loan Commitments—\$16,807,955.25

United States Government Obligations carried at \$88,768,920.90 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL RESERVE SYSTEM
Member Federal Deposit Insurance Corporation

Ration Banking Operations

HERE'S how one bank keeps a record of its ration banking operations:

COMMODITIES: Gasoline, processed foods, coffee, sugar, meats, fats, cheese, butter, shoes

Dates the various commodities started on the ration list:

January 27, 1943	Gasoline, coffee, sugar
March 30, 1943	Meats, processed foods
April 13, 1943	Shoes

ITEM ACTIVITY

Date	Deposits Received	Percentage of increase over February	Items deposited	Percentage of increase over February	Checks drawn on us	Percentage of increase over February
1943						
February	373		7,170		296	
March	1,372	268	14,202	98	1,145	287
April	2,366	536	20,293	183	8,224	2,678
May	2,057*	452	20,926	192	13,184	4,354

* Decrease of deposits of May over April was brought about by insisting that depositors make only one or two deposits a week, instead of daily.

NUMBER OF ACCOUNTS

Date	Number	Percentage of Increase over March 31, 1943
March 31, 1943	679	
May 31, 1943	1,260	95%

Cost of Operating Ration Department—May, 1943

Expenses	
Salaries	\$ 878.26
Stationery & supplies	123.75
Postage	12.50
Taxes	89.08
Rent	25.00
Telephone	15.00
Depreciation	50.00
Miscellaneous	25.00
Total expenses	\$1,228.39

INCOME

Item	Amount received on present charges	Amount received on proposed charges
Carrying charges	\$125.20	\$313.00
Deposits	102.85	102.85
Items deposited	104.63	313.89
Checks paid on us	527.36	527.36
Miscellaneous	6.95	6.95
	\$866.99	\$1,264.05

Net loss in operating the department for the month of May, 1943, on present charges **\$361.60**

Net profit in operating the department for the month of May, 1943, on proposed charges **35.46**

Schedule of Charges	Present	Proposed
First account opened	\$.30 ea.	\$.30 ea.
Additional accounts	.05 ea.	.05 ea.
Monthly carrying charges	.10 per acct.	.25 per acct.
Items deposited	.005 ea.	.01½ ea.
Deposits	.05 ea.	.05 ea.
Checks paid, drawn on us	.04 ea.	.04 ea.

If the OPA should make a change in the proving of stamps deposited, which change would require more time to handle, then an increase of the item cost should be made to compensate.

August 1943



Tens of thousands of these plywood Victory huts are being used by the Army.

Douglas Fir Plywood HUTMENTS

provide warmer, wind-tight homes for our soldiers!

• The chances are that your soldier sleeps in a cantonment or hutment built of Douglas Fir Plywood. Millions of feet of this engineered lumber have been and are still being used to house our troops—both here and abroad. For just as plywood saves time and labor and produced superior pre-war structures for you . . . so now are its many advantages contributing to the war effort. But after Victory, this Miracle Wood will be in position to help you more than ever before.



• The interior of one of the Victory huts built by Texas Pre-fabricated House & Tent Co., Dallas. Walls, roof, awning flaps—all are Exterior-type Douglas Fir Plywood.

• (Right) Another style of hut, especially adapted for use in all climates. Each contains some 1400 sq. ft. of Douglas Fir Plywood. Plan now to make extensive use of Douglas Fir Plywood in YOUR post-war building.



TO HELP SPEED VICTORY
the Douglas Fir Plywood Industry is devoting its entire capacity to war production. We know this program has your approval.

DOUGLAS FIR PLYWOOD

Real Lumber
**MADE LARGER, LIGHTER
SPLIT-PROOF
STRONGER**

SEND FOR FREE WAR USE FOLDER

Scores of actual photographs show how Douglas Fir Plywood is serving on every battle front and on the home front. Write for your copy today. Douglas Fir Plywood Association, Tacoma, Washington.

Does Your Bank Need More Capital?

(CONTINUED FROM PAGE 29)

(1) Some banks may be restricted by the 10 per cent of capital and surplus maximum limit on loans made to a single borrower. Increased capital would

automatically raise the maximum limitation on individual loans. This would place the bank in a position to obtain an increased share of attractive business which cannot be adequately han-

dled with present bank capital funds.

(2) A stronger capital structure may make possible an improvement in local competitive position, particularly as it relates to securing the local banking business of national corporations and other discriminating potential customers.

(3) There should be a close correlation between the availability of "free" capital for risk assumption, and investment policies. Additional capital may facilitate the development or maintenance of a well thought out and properly balanced investment program. Because capital is large a banker should not, of course, throw caution to the winds and go "all out" in search of income, disregarding all principles of maintenance of an adequate secondary reserve and a planned, spaced maturity schedule. However, the availability of additional capital might justify the employment of the increase in deposits which has taken place and is in prospect, in a manner dictated primarily by prudent business judgment, rather than by arbitrary restrictions imposed by an outgrown capital structure.

Need for additional capital may be closely related to growth in investments and in the over-all size of the bank. It therefore seems pertinent to compute the net cost of raising capital, to those stockholders who do not exercise their subscription rights, in terms of investment yields and deposit growth.

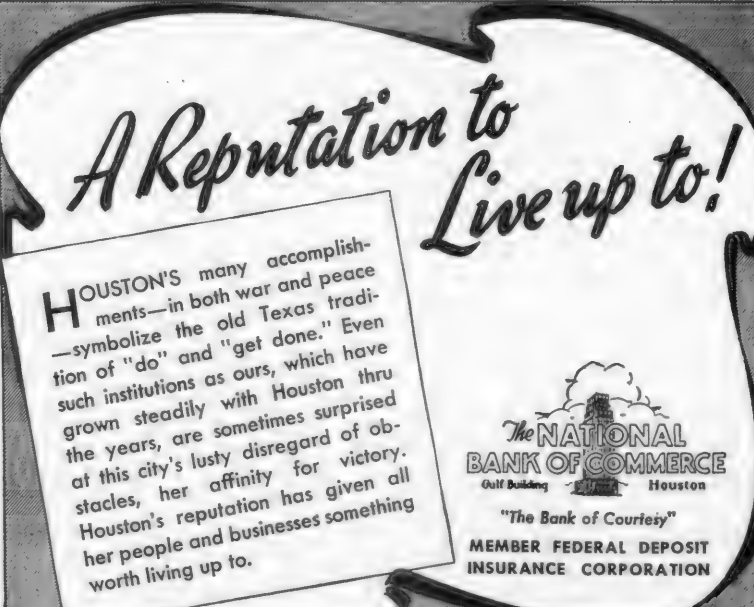
It has been assumed that a bank is earning \$6 per share on 10,000 shares of stock. After the sale of an additional 5,000 shares, if per share earnings are to remain at \$6, the net income of the bank will have to increase to \$90,000. The direct earnings contribution of the new capital might be \$5,625, after taxes, if invested in government bonds. There-



GEARED TO WARTIME NEEDS

FULTON CORRESPONDENT SERVICE

FULTON NATIONAL
ATLANTA *Bank* GEORGIA



A Reputation to Live up to!

HOUSTON'S many accomplishments—in both war and peace—symbolize the old Texas tradition of "do" and "get done." Even such institutions as ours, which have grown steadily with Houston thru the years, are sometimes surprised at this city's lusty disregard of obstacles, her affinity for victory. Houston's reputation has given all her people and businesses something worth living up to.

The NATIONAL BANK OF COMMERCE
Gulf Building Houston

"The Bank of Courtesy"

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Do You Have a REAL ESTATE PROBLEM in the MIAMI AREA?

We're equipped to render a complete realty service... appraisals, liquidation, renting, management. For reference write your correspondent bank; write us regarding your problem.

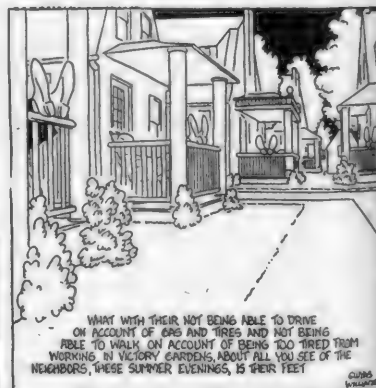
OSCAR E. DOOLY, JR., Realtors
Ingraham Building Miami, Florida

HELP for your DIRECTORS

The director's task is not an easy one. Help your directors to help you by supplying them with a regular source of reliable information through personal subscriptions to the A.B.A. official magazine—BANKING. Special rates on request.

BANKING, 22 E. 40th St., New York 16, N. Y.

Suburban Heights



BELL SYNDICATE
BANKING

fore, the bank would have to make up the difference between \$90,000 and \$65,625, or \$24,375, if per share earnings are to remain at \$6. A bank with the characteristics of the one used as an illustration might have half of its assets (\$5,000,000) represented by Government securities. On these securities the bank may be earning at the rate of $1\frac{1}{2}$ per cent after taxes. \$24,375 is the equivalent of a little less than $\frac{1}{2}$ of 1 per cent, after taxes, on a government portfolio of \$5,000,000. In other words, if the presence of additional capital justified adjustments in the spacing of government bond maturities so that the yield after taxes could be increased from an assumed rate of $1\frac{1}{2}$ per cent to 2 per cent, then no reduction in per share earnings on the stock would take place, despite the larger number of shares outstanding.

A bank with \$10,000,000 of assets at the close of 1942 may be growing at an annual rate of \$2,000,000. Three-quarters, or \$1,500,000, of this increase may go into government bonds. If currently purchased government bonds yield 1 per cent after taxes, then an increase in income sufficient to maintain per share earnings at a \$6 rate (\$24,375) would require an increase in government bonds of \$2,437,500. At the assumed rate of growth, these additional government bonds would have been made part of the bank's investments in about a year and eight months.

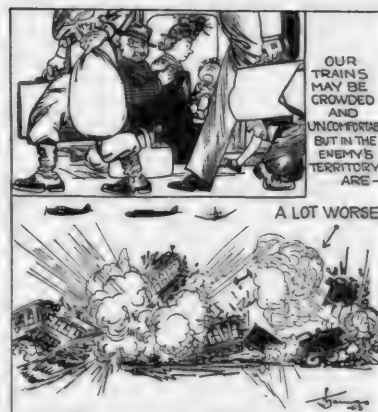
Those banks which have concluded that they could use additional common capital should find it helpful to estimate specifically the costs of obtaining this new money. Against this cost could be

Here is General Eisenhower as he addressed officers of the British and French armies under his command, at his headquarters in North Africa, shortly before the invasion of Sicily



PRESS ASSOCIATION, INC.

weighed the benefits, direct and indirect, which this increased capital could make possible. In order to project the net cost in terms of investment policies and deposit trends there might also be computed, (1) the increase in *yield* on presently held government bonds, and (2) the increase in *size* of the government portfolio which would have to take place if earnings per share are to be maintained. With the benefits, costs, and projected net effects of the contemplated move thus isolated and measured, a logical basis should be established for a sound conclusion as to the desirability of taking such a step at this time.



THOMAS, ASSOCIATED NEWSPAPERS

CITIZENS NATIONAL TRUST & SAVINGS BANK OF LOS ANGELES

Established 1890

Condensed Statement of Condition
at Close of Business June 30, 1943

RESOURCES

B	Cash and Due from Banks	\$ 50,738,973.30
U	United States Obligations, Direct or	
Y	Fully Guaranteed	125,848,639.28
	State, County, and Municipal Bonds	861,967.30
	Other Bonds	137,791.45
U	Loans and Discounts	37,260,740.03
N	Federal Reserve Bank Stock	250,800.00
I	Stock in Commercial Fireproof Building Co.—	
T	Head Office Building	348,500.00
E	Bank Premises, Furniture and Fixtures, and	
D	Safe Deposit Vaults (Including Branches)	764,626.85
	Other Real Estate Owned	1,071,016.68
S	Customers' Liability under Letters of Credit	
T	and Acceptances	964,846.78
A	Earned Interest Receivable	422,044.43
T	Other Resources	140,554.37
E	TOTAL	\$218,810,500.47

LIABILITIES

W	Capital Stock	\$5,000,000.00
A	Surplus	3,360,000.00
R	Undivided Profits	1,150,000.00
	Reserves for Interest, Taxes,	
	Dividends, Contingencies, Etc.	1,412,409.97
	Discount Collected — Unearned	23,034.98
B	Letters of Credit & Liability as Acceptor or	
O	Endorser on Acceptances & Foreign Bills	1,032,672.46
N	Other Liabilities	73,809.05
D	Deposits	206,758,574.01
S	TOTAL	\$218,810,500.47

Head Office: Spring Street at Fifth, Los Angeles

Branches Throughout Los Angeles

MEMBER FEDERAL RESERVE SYSTEM MEMBER FEDERAL DEPOSIT INSURANCE CORP.

Boosting War Bond Sales

For the aid and information of banks seeking new sales promotion ideas for the next War Bond drive, BANKING here tells the story of how one institution—the Hamilton National Bank, Washington, D. C.—rolled up impressive totals via employee contests.

An invaluable selling experience for every member of the staff and public recognition of the bank worker as a war worker . . . these points in addition to a substantial volume increase are counted among the net results of recent War Bond selling contests sponsored by the Hamilton National Bank of Washington, D. C.

The first contest which ran concurrently with the first War Loan campaign was confined to the bank's seven branches, each of which constituted a team. Quotas, based on the following factors, were allotted to each branch: (1) Deposits; (2) number of accounts (both checking and savings); (3) number of contact employees; (4) average sale of Defense and War Bonds for the preceding 18 months.

THESE quotas were further subdivided to provide goals for: War Bonds of Series E, F and G, and the number of sales.

War Bonds were weighted at 50 per cent; specially offered issues at 25 per cent and number of sales at 25 per cent.

What could be done, in the very limited time available, was done. Branch managers, as team captains, were assembled. Terms and objectives of the contest were explained. As rapidly as possible the senior investment officer of the bank visited each branch and reviewed the financing in detail with team members.

The employees were willing and enthusiastic but obviously somewhat nervous at the prospect of actually selling something for the first time. Happily, the aggregate quota almost doubled.

The standings were announced at the bank's annual party and the following prizes were awarded: A \$25 War Bond to each employee of the winning branch; \$10 in War Stamps to each employee of the runner-up; and \$5 in War Stamps to each employee placing third.

THE second contest, run concurrently with the Second War Loan Campaign, was a much better conceived and more elaborate enterprise. In addition to the branch teams, the main office contact employees and officers (below the rank of vice-president) were divided by lot into four teams of 10 members each.

Ample time was afforded to analyze accounts, build up prospect lists, as well as to discuss the various offerings and their individual appeal.

Summing up results, the bank states: "These contests have been a definite success with us. The competitive idea has stimulated employee interest as we feel nothing else could. The faint misgivings we felt as to overzealous solicitation of customers by inexperienced salesmen have been entirely dispelled.

"To those considering such projects for future War Loans we offer a few observations from our own experience:

"1. Once the contest starts, leave as much of the management as possible in the hands of the employees themselves.

"2. Settle as many controversial points as possible before the contest begins, e.g. the amount of credit to be given for payroll deduction sales; who is

to receive credit in cases of duplicated solicitation.

"3. Induce your teams to prepare real prospect lists and see that some competent and disinterested officer reviews these lists with them.

"4. Try to explain thoroughly the merits and particular appeal of each security offered.

"5. Customer interest can be surprisingly stimulated through lobby displays that feature the 'box scores' and standings of the teams. Many of our depositors to our certain knowledge increased their subscriptions to give a boost to their favorite branch or team.

"6. There is always a natural tendency to concentrate on the big sale. After receiving a hundred thousand dollar subscription, the sale of a hundred dollar Series E bond looks pretty small, and yet wide placement is one of the most important aims of the War Loans. For that reason, we recommend not only that the number of sales be valued in determining the winners, but that a special prize be awarded to the team making the greatest number.

"7. In line with the previous suggestion we recommend that, provided the period of the financing is two or more weeks, progress meetings be held at weekly intervals. There is always a natural tendency to let down after the first few days.

"As to expense, our second and more elaborate contest, including prizes and the entertainment at its conclusion, cost us a trifle less than \$1,000. In the stimulation of public interest in the bank, in the lift in employee morale and in the public relations experience gained, we feel that this amount was repaid several times over."

BANKING JINGLET

H. T. Elmo



Renegotiation and Bank Loans

(CONTINUED FROM PAGE 30)

government money. In this connection, V loans are considered as private financing.

Renegotiation is conducted on an over-all basis, so that losses that may be sustained on certain contracts are usually off-set by profits derived from others. If contractors assume unusual risks or if they face uncertainties of continued war production, these factors are considered in renegotiation.

The question is often asked as to how a banker can know in what way a borrower's situation may change as a result of renegotiation. This becomes, chiefly, a matter of good judgment. Bankers know that the purpose of the Congress in enacting the renegotiation statute was to prevent the acquisition of excessive profits by war contractors. If a customer of a bank is predicated future profits on the basis of earnings that are obviously excessive in the light of all the factors which the banker must consider at the time of making the loan, that fact should be apparent to men of business experience.

Occasionally a banker asks if he may take direct part in renegotiation and seek to protect his bank's interest in his client. There is nothing to prevent a banker from being present at a renegotiation with the approval of a contractor customer for the purpose of acting in an advisory capacity on financial matters. The bank would have no right to make itself a party to such meetings, however, unless it actually owned a substantial interest in the company which was being renegotiated.

Donald Nelson, WPB chief, visits a Bren gun plant in Toronto. Right, C. D. Howe, Minister of Munitions for Canada; center, J. E. Hahn, president, John Inglis Company



WIDE WORLD

The country's commercial bankers can make a great contribution to the success of renegotiation by helping to provide experienced men of integrity and good judgment to the personnel of price adjustment boards and sections.

The renegotiation statute will keep the magnificent record now being written by industrial management undimmed by present or future accusations of profiteering. Taxpayers and consumers will recall that business produced results when the chips were down and will not be able to say that greed

for profits should get the credit. The fact that the price adjustment boards gave a war contractor what is in effect a clean bill of health (with or without a recovery) brings to mind an appropriate analogy. Industry is being stimulated by war. Business should emerge from this period healthier than it was at the beginning. This improved health would not last long, however, if business then had to breathe the unsalutary atmosphere of an adverse public opinion, generated by even a small number of cases of scandalous profiteering.

STATEMENT OF CONDITION

JUNE 30, 1943

RESOURCES

Cash and Due from Banks	\$29,006,692.31	
U. S. Government Securities	64,061,438.64	\$ 93,068,130.95
Loans and Discounts		29,489,562.76
Bank and Office Buildings		1,751,345.48
Corporate Bonds		195,442.41
Federal Reserve Bank Stock		150,000.00
Accrued Income		197,097.92
Other Assets		288,872.36
Total Resources		\$125,140,451.88

LIABILITIES

Commercial Deposits	\$88,063,587.28	
Savings Deposits	30,862,047.93	\$118,925,635.21
Accruals and Reserves		432,610.33
Preferred Stock	\$ 1,500,000.00	
Common Stock	1,500,000.00	
Surplus	2,000,000.00	
Undivided Profits	782,206.34	5,782,206.34
Total Liabilities		\$125,140,451.88

MICHIGAN NATIONAL BANK

BATTLE CREEK FLINT GRAND RAPIDS LANSING
MARSHALL PORT HURON SAGINAW

MEMBER FEDERAL RESERVE BANK, FEDERAL DEPOSIT INSURANCE CORPORATION

The Outlook from Washington

(CONTINUED FROM PAGE 18)

It is not necessary that the employer should have adopted a formal salary rate schedule prior to October 27, 1942 and reduced such schedule to writing. It is sufficient if he can show that he had such a plan prior to such date either from his payroll records or otherwise. However, such plan might well be reduced to writing and be submitted to the Board and Commissioner for approval before increases are made in accordance therewith.

What provision is there for maintaining the normal differential between different groups of employees, when the pay of one group is increased by reason of the Fair Labor Standards Act?

The SSU allows such minimum differentials between the "interrelated job classifications" as are "required for the maintenance of production efficiency." In other words, some allowance is made.

May banks fix the maximum salary

of employees in a range at a point above the maximum previously paid?

No. The maximum of a range is the highest salary paid in the range on October 27, 1942.

Does the "hold the line" order prohibit general increases in the compensation of bank employees?

The order permits approval of increases within the "little steel formula." This, in effect, permits approval of increases in salaries and wages to 15 per cent above the amount paid on January 1, 1941. Under certain conditions, increases are also permitted to correct substandard living conditions and gross inequities. This does not affect merit increases, promotions, reclassifications, and the like, which are permitted subject to certain restrictions.

Where salary schedules in branch offices differ from that of the head office, what policy is followed?

Where minimum and maximum salaries in different job classifications are lower in the branches than they are in the head office of the bank, in our opinion each branch has to be considered as a separate unit and a salary schedule has to be established for it. If the salary range in the various branches is substantially the same, one salary range may apply to all branches and another to the head office. However, the higher salary range applicable to the job classifications in the bank's head office cannot be used as the range for branches where the salary scale has been habitually lower.

Are there any positions in a bank not susceptible of inclusion in a general salary rate schedule?

AMERICAN TRUST COMPANY

Banking Since 1854



MANY BANKING OFFICES

SERVING NORTHERN CALIFORNIA

HEAD OFFICE: SAN FRANCISCO

Statement of Condition

AT THE CLOSE OF BUSINESS JUNE 30, 1943

Resources

Cash on Hand and in Banks	\$120,352,636.62
U. S. Government Bonds and Notes	216,085,148.45
State, County and Municipal Bonds	28,248,853.51
Other Bonds and Securities	19,268,348.93
Stock in Federal Reserve Bank	570,000.00
Loans and Discounts	153,964,439.01
Bank Premises and Equipment	5,697,356.73
Other Real Estate	42,002.20
Customers' Liability under Letters of Credit and Acceptances	3,526,963.09
Accrued Interest Receivable and Other Assets	1,618,414.07
Total Resources	\$549,374,162.61

Liabilities

Deposits	\$518,397,783.24
Letters of Credit and Acceptances	3,636,917.09
Reserve for Interest, Taxes, Etc.	1,657,888.11
Capital Stock	
Preferred	\$7,500,000.00
Held by more than 2000 stockholders	
Common	\$7,500,000.00
Held by more than 4000 stockholders	
Surplus	15,000,000.00
Undivided Profits	4,000,000.00
	6,681,574.17
Total Liabilities	\$549,374,162.61

United States Government and other securities carried at \$57,114,908.94 are pledged to secure U. S. Government War Loan Deposits of \$16,640,411.50 and other public funds and trust deposits, and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

Frazer A. Bailey
Wakefield Baker
Edward H. Clark
Colbert Caldwell
Peter Cook, Jr.
Paul L. Davies

Charles Elsey
B. R. Funsten
Henry Q. Hawes
J. R. Knowland
Daniel E. Koshland
Roger D. Lapham

R. A. Lewin
James K. Lothead
J. B. McCargar
John D. McKee
J. W. Mailliard, Jr.
C. O. G. Miller

Robert W. Miller
George G. Montgomery
Thos. W. Norris
Herman Phleger
Ben F. Woolner

Member Federal Reserve System; Member Federal Deposit Insurance Corporation

BUY UNITED STATES WAR SAVINGS BONDS AND STAMPS
FOR SALE AT ALL OFFICES

Embattled Bureaucrat



THOMAS, ASSOCIATED NEWSPAPERS
BANKING

There always can be a range for any given position, but a range need not necessarily be established.

As a rule, positions of above \$7,500 are not placed in salary rate schedules. Generally, where in a particular position there are an insufficient number of persons to establish a salary range, the positions are not included.

Are tellers recognized as "administrative employees"?

The Commissioner of Internal Revenue has adopted the definition of an "administrative" employee as given in the Wage and Hour Administrator's regulations. It is believed, therefore, that tellers receiving \$200 or more monthly will be treated as "administrative" employees.

May extra compensation be paid in lieu of vacations?

A June 10, 1943 interpretation of the Commissioner of Internal Revenue reads as follows:

Payment of additional compensation in lieu of vacations with pay to employees receiving salary at a rate not in excess of \$7,500 per annum does not require the approval of the Commissioner of Internal Revenue, if a vacation policy was established prior to October 3, 1942 and if payment for the vacation time worked is computed at the present rate for the normal (unextended) work-week.

In all other cases, pay in lieu of vacation requires the approval of the Commissioner.

The NWLB takes a similar position.
HERBERT BRATTER

Caretakers of People's Savings

(CONTINUED FROM PAGE 38)

munity each bank should study the problem. Where conditions make possible concentration upon its commercial business without inconvenience to the depositing public, it can adopt properly enough that practice which it deems most profitable. Where its public has to look to it for a necessary savings service, it will be weakening its future if it sends any considerable part of that public away.

Everywhere intensified study should be given to ways and means of keeping savings departments in proper relation to the other business of the bank, both as to size and earning power. A sound policy would seem to be one of discrimination as contrasted with abdication, a constructive and painstaking effort to continue on a permanently profitable basis every service to the public of which there is an actual need.

August, 1943



LET FREEDOM RING!

HIGH ABOVE the roar and rumble of America's factories at work for war, you hear the bells of freedom ringing on tens of thousands of rushing railway locomotives. Those bells dramatically symbolize the strength and resourcefulness and determined will of this land of free men to whom freedom of initiative and freedom of opportunity have never been denied.

America's railroads, planned by free men, financed and operated by free men, managed by men with a strict sense of responsibility towards those who patronize them and towards their government, have done more perhaps than any other one activity to make this a nation united and indivisible.

One truly representative American railroad is the far-flung, 11,000-mile Milwaukee Road—with bands of shining steel linking the industrial ports of the Great Lakes to the world ports of the Pacific North Coast. This railroad is proud of the productive region it serves and proud to be a part of America's free railroad system.

Untrammelled transportation facilities are vital to victory!
LET FREEDOM RING!

THE MILWAUKEE ROAD

SERVING THE SERVICES AND YOU

40020



BANK OF NEW SOUTH WALES

ESTABLISHED 1817

126 years experience of all phases of development in Australasia enable this Bank to offer the most comprehensive service to traders, investors and travellers

—

Head Office: Sydney
NEW SOUTH WALES

General Manager:
SIR ALFRED C. DAVIDSON, K.B.E.

—

London Offices:
29, Threadneedle Street, E.C. 3.
47, Berkeley Square, W. 1.

Agency arrangements with Banks throughout the World

—

(Incorporated in New South Wales with Limited Liability.)



G.H.Q. IN ST. LOUIS
FOR WARTIME TRAVEL
HOTEL Mayfair



He's fighting for you—
WHAT ARE YOU DOING FOR HIM?
BUY WAR BONDS

Recruits for Banks

THE functions of the bank advertising and public relations director and their established techniques have been broadened, as a result of the war, to include a task not usually handled by such executives.

Whether these men had previously been in charge of personnel work in addition to their other duties, most of them now are doing their best to help get and keep good bank employees in today's severe competition with higher pay schedules offered by wartime industries.

"A Job vs. a Career" is one keynote of the activity. "Banking Is Important to the War Effort" is another tack.

Through house organs, posters, meetings and other means, efforts are made to keep morale at a high pitch and job defections at a minimum. These all tend to show how banks contribute to the winning of the war by making loans to finance war production, promoting and handling the sale of War Bonds at their own expense, handling ration coupon accounts, encouraging their employees

to participate in the various civilian defense, scrap and salvage, and blood donor campaigns.

Engendering pride on the part of its women workers, with a broader appeal for more women employees, one large bank says this in its house organ:

"... they (women) often find assignments in branches conveniently near their homes; the work calls for intelligence and good manners; they meet many interesting people from all walks of life; banking has a dignity that rests well on the shoulders of women."

Others stress the relative permanence of bank employment, citing that there are more 100-year-old and 50-year-old banks than any other kind of business enterprise in the United States.

"The bank officers of the future—the cashiers, vice presidents and presidents—will come largely from the group of men and women who are choosing banking as a career and sticking by it today," says another bank in one of its messages to workers.

STILL another includes this in its employee magazine: "If you know of someone who would be a good bank employee, you will be doing the bank and that person a favor by directing him or her to our Personnel Department."

The need for not letting down the bars on quality of service is also discussed. Says one bank paper:

"No matter how harassing the day's work, the shortage of help or other difficulties, we must never shrug away poor service with the comment heard all too frequently elsewhere—'Well, there's a war on.'"

Still another tells its readers:

"On every tank, in every plane, at every gun, there's a member of the crew who can't be seen. And he's no Gremlin. He's today's version of the banker—a hard-working, patriotic man or woman who physically may be at a teller's window or bookkeeping machine or typewriter or executive's desk, but who spiritually and in actual effect is joining in this fight with all his skill, energy and devotion."

"There is, therefore, every reason why you may continue to tackle your job with enthusiasm, radiating eagerness to serve in the way for which you are best equipped, and giving that service with cheerfulness and consideration for customer and co-worker alike."

Classified advertisements in daily newspapers and even in "shopping news" types of papers read largely by housewives, are worked out by personnel and advertising departments in collaboration and cite the advantages of bank employment. They are aimed at producing a steady stream of applicants.

I. I. SPERLING



WASHINGTON, JEFFERSON, ROOSEVELT, LINCOLN—Each, with a background of farming or ranching, gave inspired service to the nation. American farmers have inherited the spirit, as well as the ideals, of these national heroes... and today, VICTORY is the great harvest that lies ahead.

It has been Minneapolis-Moline's privilege to work arm in arm with American farmers, in peace and war. Foresightedly, in 1938, MM originated the "JEEP". Pictured here, against the majesty of Mt. Rushmore's imperishable monument, is the largest MM "JEEP" rolling an



anti-aircraft gun up the mountain. Again, MM machinery, converted to military needs, holds its place among the great defenders of democracy.

By every means at its command, MM is urging farmers to keep their machinery in good repair... to return every bit of scrap to the steel mills... to buy War Bonds and Stamps.

When Victory is in sight, we can turn again to full-scale output of machinery to produce food for all the world.

Buy War Bonds and Stamps NOW!

MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY, MINNEAPOLIS, MINN., U. S. A.

The Fifth Freedom

(CONTINUED FROM PAGE 32)

connection with the Old National. I recalled that in a former survey the manager of a department in a bank in another city had been a bottleneck as far as incoming business went. I am glad to say that, except for the gentleman who felt neglected by not being called on, the prospects commented favorably on the public activities of the banks' officers.

The general opinion was that the bank was run on an efficient basis, an opinion that makes it much easier to sell the bank's services whether they be trust services or those of other departments.

SUMMING UP the results of this survey:

(1) People want information that will enable them to protect the future of their families.

(2) They do read advertising—preferably copy that is written in a manner that enables the prospect to read it readily.

(3) The old element of procrastination is still a major obstacle to overcome. It is perhaps emphasized by the

unusual strain on men's time today.

(4) The most common objection to trust service is on the angle of "costs" but not comparative costs.

(5) Men are still relatively uneducated as to the services of the trust institution and the value of its services in protecting their families, but they are coming to recognize the corporate fiduciary as their successor.

(6) Prospects apparently look on executorship as a simple routine task that almost anyone can carry out. They do not realize the advantage of a trained responsible executor, the danger to their estates of an incompetent one.

(7) Most men have inadequate estate plans though more have a "will of sorts" than in the past.

(8) Personal contact by a bank's officers is highly advantageous in developing the maximum amount of business.

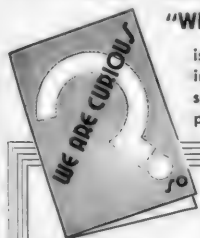
(9) Men today are again believing that it is possible to accumulate estates whereas previously there was a common belief that taxes would eat it all up and there would be nothing left, so why worry. They now believe that the right to accumulate property through personal initiative and thrift is the "Fifth Freedom."

(10) The survey definitely confirmed my belief that never before have trust institutions faced the opportunities which confront them today. If they cannot get business under today's favorable conditions, they have no one but themselves to blame.

Leo P. Crowley, Alien Property Custodian and FDIC chairman, heads the new Office of Economic Warfare



PRESS ASSOCIATION



"WE ARE CURIOUS"

is a questionnaire placed in Roosevelt rooms. Responses enable us to improve our service.

'I like the Roosevelt for its friendly services without any pretentiousness—'

is the answer we get most often

ROOMS WITH BATH FROM \$4.50

25% Reduction on Room Rates to Members of the Armed Forces.

HOTEL ROOSEVELT

MADISON AVE. AT 45th ST., NEW YORK
BERNARD G. HINES, Managing Director

Direct Entrance from Grand Central Terminal

INSIST ON

Parsons Paper

FOR YOUR

**Forms
Records
Stationery**

Superior Quality

MADE FROM COTTON FIBERS

Ask your Printer for Samples of these fine grade Papers

PARSONS PAPER CO.
HOLYOKE - MASSACHUSETTS

**Announcing
ANOTHER NEW FEATURE
IN**



**THE PURPLE BOOK
BANK DIRECTORY**

AT REQUEST OF BANKERS A
LIFE INSURANCE SECTION
WILL BE INCORPORATED IN
OUR SERVICE COMMENCING
SEPTEMBER, 1943 EDITION



R. L. POLK & CO.

PUBLISHERS

ESTABLISHED 1870

431 Howard St., Detroit 31, Mich.

Inter-American Banking Scholarships

THE Good Neighbor policy, as expressed in terms of the Inter-American Trade Scholarship program, is receiving the generous and active support of the American banking fraternity.

Four of the largest banks in the United States, says Elliott S. Hanson, administrator of this program, have already accepted young men from the other American republics for training in American banking and business methods. Banks located all over the country also have expressed a keen interest in this training program and have volunteered their cooperation.

THE Inter-American Trade Scholarship program is one of several practical methods of applying the good neighbor principals which are being furthered by the Office of Inter-American Affairs.

Under this program likely young men from all the American republics are brought to the United States to "learn by working" in our banks, shops, mills and factories.

These young men are recommended by selection committees in their own republics, the choice depending largely on the industrial and technical needs of the particular republic. One country, for example, may need banking experts while another may need dairy experts. The selection is made accordingly.

Once selected, the young man is brought to Washington without cost to himself. He spends a brief orientation period in Washington in order that he

may become familiar with our ways of living and doing business and, in some cases, that his technical English may be perfected although a knowledge of this language is required of all trainees. If training in banking is desired, the United States Treasury and the Federal Reserve System assist in the trainees' orientation while in Washington. Living expenses of the trainee are paid during this orientation period, the length of which varies with the individual.

The trainee is then placed with some bank or industrial organization, depending on his background, for a period of approximately two years. During this training period he receives from his employer a sum sufficient to cover his living expenses. At the end of this training period he returns to Washington for a short period of evaluation. After this period his expenses are paid to his place of origin.

THE five young men now in the United States to study banking represent four hemisphere republics—two from Brazil and one each from Mexico, Venezuela and Bolivia.

Jorge Tejado of La Paz, Bolivia, graduated in economics and banking in the National University. He has held several government posts and was, until recently, an employee of the fiscal department of the Bolivian government. After spending nearly a year with the Mercantile-Commerce Bank and Trust Company of St. Louis he

transferred to the Federal Reserve Bank of Philadelphia.

When asked his opinion of the training program, Senor Tejado said:

"This is the opportunity of a lifetime. It is the finest and most practical kind of helpfulness the value of which will not be lost on the people of Latin America."

ANOTHER trainee, Santiago Fernandes of Rio de Janeiro, Brazil, started his banking career at an early age and worked his way up. He was with the Bank of Brazil when he received his appointment and is now working and gaining experience in the various departments of the Chase National Bank of New York.

Antonio Passos also is from Rio de Janeiro, where he attended the National Naval Academy for two years and was more recently employed in the Brazilian Department of Public Works. At present he is in the National City Bank of New York.

A fourth trainee, Rafael Marrero, is from Barquisimeto, Venezuela, where he obtained his bachelor's degree in the local university. He has a background of five years' banking experience and was with the Bank of Venezuela before coming to the United States. He is at present in the Merchant's National Bank of Mobile, Alabama.

J. F. McRae, president of this bank, commented: "We are very glad to have Mr. Marrero. The Port of Mobile will play an important role in future Latin American trade and we cannot start too soon to establish ties of personal friendship with our sister republics."

Rafael Rendon of Mexico was a student in the University of Mexico City when he was chosen as a Trade Scholarship trainee. He expects to make banking his career.

Other scholarship appointments in banking are now under consideration. A number of banks have volunteered to take young trainees.

By the end of this year, nearly two hundred young men from all the twenty neighbor republics will be in training in many different industries in this country. Banking is only one of many fields covered by this training program which includes nearly all the basic industries and enterprises. Some two score organizations and industries, and many United States Government bureaus and departments, are cooperating in the broad program.



W. L. Hemingway, president of the Mercantile-Commerce Bank and Trust Company, St. Louis, and of the American Bankers Association, with Jorge Tejado of La Paz, Bolivia. Sr. Tejado is one of the scholarship trainees who is in this country to study central and commercial banking

THE EXECUTIVE WHO STOPS TO THINK . . .



Knows that "10% for War Bonds isn't enough these days"

Workers' Living Costs going up . . . and Income and Victory Tax now deducted at source for thousands of workers . . .

Check! You're perfectly right . . . but all these burdens are more than balanced by *much higher FAMILY INCOMES for most of your workers!*

Millions of new workers have entered the picture. Millions of women who never worked before. Millions of others who never began to earn what they are getting today!

A 10% Pay-Roll Allotment for War Bonds from the wages of the family bread-winner is one thing—a 10% Pay-Roll Allotment from each of several workers in the same family is quite another matter! Why, in many such cases, it could well be jacked up to 30%—50% or even more of the family's *new money!*

That's why the Treasury Department now urges you to revise your War Bond *thinking*—and your War Bond *selling*—on the basis of *family* incomes. The current

War Bond campaign is built around the family unit—and labor-management sales programs should be revised accordingly.

For details get in touch with your local War Savings Staff which will supply you with all necessary material for the proper presentation of the new plan.

Last year's bonds got us started—*this year's bonds are to win!* So let's all raise our sights, and get going. If we all pull together, we'll put it over with a bang!

This space is a contribution to
America's all-out war effort by

BANKING



you've done your bit
... now do your best!



Your Reading

For Farmers

A PRACTICAL GUIDE TO SUCCESSFUL FARMING. Halcyon House. 980 pp. \$3.95.

HERE'S an extensive encyclopedia of farming, written by 36 agricultural experts, for the benefit of the practical farmer or the city man who has "back to the farm" ambitions.

The emphasis is on farming as a business, and there are chapters on management, farm finances and credit, equipment, livestock disease control, money crops, and many other practical subjects.

The farm finances section is written by Allen G. Waller, identified with the Department of Agricultural Economics at Rutgers and with the New Jersey Experiment Station. Professor Waller speaks favorably of the banks as credit sources, saying that people should get acquainted with their local institutions.

Receivables

THE EVALUATION OF RECEIVABLES AND INVENTORIES AS AN INTEGRAL PART OF CREDIT ANALYSIS. By *Edward F. Gee*. Bankers Publishing Company. 224 pp. \$3.50.

MR. GEE, assistant cashier of the State-Planters Bank & Trust Company, Richmond, Virginia, finds that although ratios, trends, proportions and indices can be used with advantage, they are

If you want any of the books mentioned on this page, send your check for the published price to BANKING, 22 East 40th Street, New York City. Your order will be filled promptly.

"indicative, not definitive" and the analyst must go behind the figures into basic situations. Surveying credit factors, the book reviews pertinent considerations in balance sheet analysis, particularly receivables and inventories. One chapter is devoted to a new "quality ratio" for receivables which, Mr. Gee believes, "provides a positive and invaluable index to the quality and liquidity of year-round receivables from period to period wherever its use is practicable." Techniques and principles for appraising the soundness of these assets are extensively outlined in this practical banking handbook.

Public Relations

CAREERS IN PUBLIC RELATIONS. By *Averell Broughton*. Dutton. 246 pp. \$2.

PUBLIC relations practitioners in banking and students in academic circles will profit by reading this book. The author lifts the veil of mystery from this newly recognized profession; he blends its philosophy and the practices of its technicians so that the secret of their success is understandable. He makes the reader

aware of historical trends and points out how social science findings are effective in dealing with the public. Practical literature on public relations is scant. Here is a sound and instructive book which is a "must" in the library of every alert banker.—DORCAS CAMPBELL

Other Books

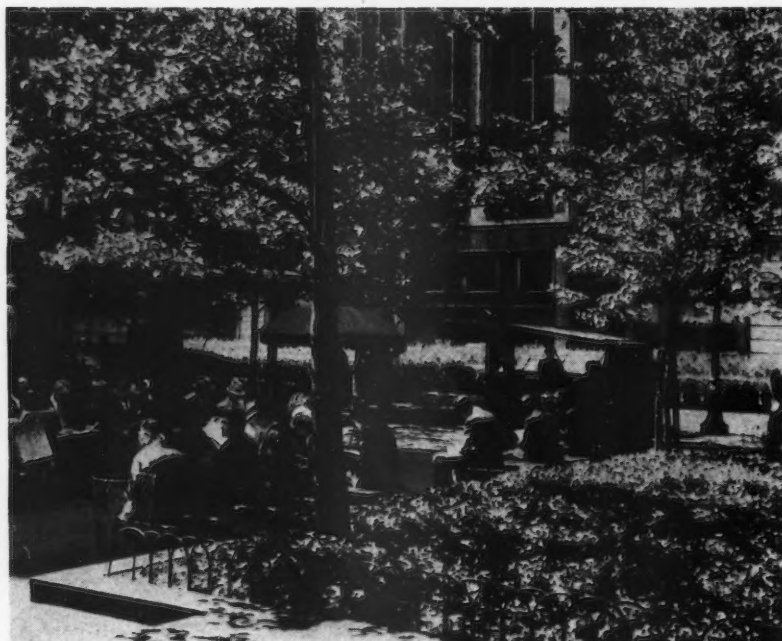
A DYNAMIC CAPITALISM. By *C. William Hazelett*. Harper. 172 pp. \$2.50. An exposition of "the philosophy of incentive taxation and incentivism," which holds that capitalism's salvation depends upon the provision of adequate economic incentives to stimulate full productive effort. The author is chairman of the board of Hazelett Metals, Inc.

ECONOMIC FREEDOM. By *Charles E. Noyes*. Harper. 231 pp. \$2.50. A discussion of such post-war problems as the debt, investment, planning and foreign trade relations from the point of view of preserving democratic methods and personal freedom. The author, assistant director of the WPB's Division of Information, outlines a "middle way" for preserving free enterprise.

WORLD MINERALS AND WORLD PEACE. By *C. K. Leith, J. W. Furness and Cleona Lewis*. Brookings Institution. 246 pp. \$2.50. This book makes a factual study of physical, economic and political trends in minerals and analyzes the possibilities of controlling mine products to prevent preparation for war.

THE WORLD OF THE FOUR FREEDOMS. By *Sumner Welles*. Columbia University Press. 121 pp. \$1.75. Here are a dozen addresses delivered during the past three years by the Under Secretary of State.

UNCLE SAM VS. INFLATION. By *Otto H. Ehrlich*. Harper. 159 pp. \$2. Eighty cartoons, each accompanied by brief textual elaboration, provide visual answers to some current economic questions.



CUSHING

The New York Public Library has an open air "annex" in Bryant Park during the Summer. Readers draw magazines and books just as in the big reading room. The service is popular with New Yorkers, especially at the noon hour

BANKING'S Advertisers August, 1943

AMERICAN APPRAISAL COMPANY..... 6	DOUGLAS-GUARDIAN WAREHOUSE CORPORATION..... Cover II	MICHIGAN NATIONAL BANK..... 79
<i>Klas-Van Pietersom-Dunlap Associates, Inc.</i>	<i>Presba, Fellers & Presba, Inc.</i>	MINNEAPOLIS MOLINE POWER IMPLEMENT COMPANY..... 82
AMERICAN NATIONAL BANK, NASHVILLE... 5	FIRST NATIONAL BANK OF CHICAGO..... 58	<i>Graves & Associates</i>
<i>C. P. Clark, Inc.</i>	<i>Foote, Cone & Belding, Inc.</i>	MISSISSIPPI VALLEY TRUST COMPANY..... 7
AMERICAN NATIONAL BANK & TRUST COMPANY, CHICAGO..... 71	FIRST NATIONAL BANK IN DALLAS..... 70	MONROE CALCULATING MACHINE COMPANY, INC..... 14
<i>Albert Frank-Guenther Law, Inc.</i>	FIRST WISCONSIN NATIONAL BANK..... 17	<i>Alley & Richards Company</i>
AMERICAN TRUST COMPANY OF SAN FRANCISCO..... 80	<i>Scott-Telander Advertising Agency</i>	NATIONAL BANK OF COMMERCE, HOUSTON..... 76
<i>Leon G. Livingston Advertising Agency</i>	FORT WORTH NATIONAL BANK..... 73	<i>Ritchie Advertising Agency</i>
ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO..... 16	FRUEHAUF TRAILER..... 53	NATIONAL BANK OF DETROIT..... 13
<i>McCann-Erickson, Inc.</i>	<i>Schipper Associates</i>	<i>J. L. S. Scrymgeour</i>
BANK OF AMERICA N.T. & S.A..... 66	FULTON NATIONAL BANK..... 76	NATIONAL CASH REGISTER COMPANY..... 55
<i>Charles R. Stuart, Inc.</i>	<i>Freitag Advertising Agency, Inc.</i>	<i>N. W. Ayer & Son, Inc.</i>
BANK OF MONTREAL..... 7	GENERAL ELECTRIC COMPANY..... 65	NATIONAL CITY BANK OF NEW YORK..... 59
<i>Doremus & Company</i>	<i>Maxon, Inc.</i>	<i>J. Walter Thompson Company</i>
BANK OF NEW SOUTH WALES..... 81	GUARANTY TRUST COMPANY..... 72	NEW YORK TRUST COMPANY..... 56
<i>Atherton & Currier, Inc.</i>	<i>Albert Frank-Guenther Law, Inc.</i>	<i>McCann-Erickson, Inc.</i>
BANKERS TRUST COMPANY, NEW YORK... 62	HAMMERMILL PAPER COMPANY..... 51	NORTHERN TRUST COMPANY..... 63
<i>Cowan & Dangler, Inc.</i>	<i>Batten, Barton, Durstine & Osborn, Inc.</i>	<i>J. Walter Thompson Company</i>
BURROUGHS ADDING MACHINE COMPANY..... 21	HARRIS TRUST AND SAVINGS BANK..... 87	OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY..... 3
<i>Campbell-Ewald Company</i>	<i>Ferry-Hanly Company</i>	<i>Coolidge Advertising Company</i>
CALIFORNIA BANK..... 12	HOME INSURANCE COMPANY..... 4	PARSONS PAPER COMPANY..... 83
CHASE NATIONAL BANK OF THE CITY OF NEW YORK..... 15	<i>Albert Frank-Guenther Law, Inc.</i>	<i>Charles E. Vautrain Associates, Inc.</i>
<i>Albert Frank-Guenther Law, Inc.</i>	HOTEL ROOSEVELT..... 83	PHILADELPHIA NATIONAL BANK..... 19
CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD..... 81	<i>Kelly-Nason, Inc.</i>	<i>Benjamin Eshleman Company</i>
CITIZENS NATIONAL TRUST & SAVINGS BANK OF LOS ANGELES..... 77	INDIANA NATIONAL BANK..... 20	PITTSBURGH PLATE GLASS COMPANY..... 18
CLEVELAND TRUST COMPANY..... 74	<i>Sidener and Van Riper, Inc.</i>	<i>Batten, Barton, Durstine & Osborn, Inc.</i>
<i>Heldrum & Fawcith, Inc.</i>	LAMONTE, GEORGE & SON..... 2	POLK'S BANKERS ENCYCLOPEDIA..... 83
COMMERCE CLEARING HOUSE, INC..... 11	<i>Samuel C. Croal Co., Inc.</i>	PUBLIC NATIONAL BANK & TRUST COMPANY..... 6
CONTINENTAL ILLINOIS NATIONAL BANK & TRUST CO..... 51	LAWRENCE SYSTEM..... 9	<i>Rose-Martin, Inc.</i>
<i>Blackell-Sample-Hummert</i>	<i>McCann-Erickson, Inc.</i>	PURINA MILLS..... 50
DELUXE CHECK PRINTERS, INC..... 5	MANUFACTURERS NATIONAL BANK, DETROIT..... 69	<i>Gardner Advertising Company</i>
<i>Presba, Fellers & Presba, Inc.</i>	MANUFACTURERS TRUST COMPANY, NEW YORK..... 67	RANKIN, R. G. & CO..... 3
DEVINE, C. J. & COMPANY..... 6	<i>McCann-Erickson, Inc.</i>	<i>Pedlar & Ryan, Inc.</i>
<i>Doremus & Company</i>	MARINE TRUST COMPANY OF BUFFALO... 8	RECORDAK CORPORATION..... 49
DOOLY, JR., OSCAR E..... 76	<i>Batten, Barton, Durstine & Osborn, Inc.</i>	ROYAL BANK OF CANADA..... 18
<i>Robert E. Clarke and Associates</i>	MARYLAND TRUST COMPANY..... 5	<i>Albert Frank-Guenther Law, Inc.</i>
DOUGLAS FIR PLYWOOD ASSOCIATION... 75	<i>The Emery Advertising Company</i>	THE TODD COMPANY, INC..... 22
<i>McCann-Erickson, Inc.</i>	MAY, GEORGE S., COMPANY..... Cover IV	<i>Merrill Anderson Company</i>
	<i>Jim Duffy, Inc.</i>	UNITED SERVICE & RESEARCH, INC..... 6
	MAYFAIR HOTEL..... 81	<i>Merrill Kramer, Inc.</i>
	<i>Gardner Advertising Company</i>	WALDORF ASTORIA HOTEL..... Cover III
	MERCANTILE COMMERCE BANK & TRUST COMPANY..... 64	<i>Kenyon & Eckhardt, Inc.</i>
	<i>Oakleigh R. French & Associates</i>	

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co. 1882—Incorporated 1907 HARRIS TRUST BUILDING, CHICAGO

STATEMENT of CONDITION

June 30, 1943

Resources

Cash on Hand and Due from Banks	\$103,680,055.34
U. S. Treasury Bills and Certificates	82,801,079.95
U. S. Government Bonds and Notes	87,939,865.91
State and Municipal Securities	39,469,904.46
Other Bonds and Securities	45,307,956.86
Loans and Discounts	84,365,366.42
Federal Reserve Bank Stock	450,000.00
Customers' Liability on Acceptances and Letters of Credit	65,224.81
Accrued Interest and Other Resources	1,517,991.30
Total	\$445,597,445.05

Liabilities

Capital	\$ 6,000,000.00
Surplus	9,000,000.00
Undivided Profits	4,806,484.20
	\$ 19,806,484.20
Reserves for Taxes, Interest, Contingencies, Etc.	7,429,714.39
Acceptances and Letters of Credit	65,224.81
Demand Deposits	\$393,489,166.54
Time Deposits	24,806,855.11
	418,296,021.65
Total	\$445,597,445.05

\$42,114,800 of U. S. Government obligations and \$301,000 of State and Municipal Securities are pledged to secure \$27,577,459.49 of United States Government Deposits and \$11,172,170.40 of Trust Deposits, and to qualify for fiduciary powers.

Member of Federal Deposit Insurance Corporation

Directors

JAMES M. BARKER Director, Sears, Roebuck and Co.
MARK A. BROWN Vice-President
THOMAS DREVER President, American Steel Foundries
FRANK R. ELLIOTT President
HOWARD W. FENTON Chairman of the Board
FRED G. GURLEY Vice-President, Atchison, Topeka & Santa Fe Railway Company
ARTHUR B. HALL Hall & Ellis
ALBERT W. HARRIS Chicago
STANLEY G. HARRIS Vice-President and Chairman of Executive Committee
SYDNEY G. McALLISTER Chairman, Executive Committee, International Harvester Co.
JOHN MCKINLAY Chairman, National Tea Co.
FRANK MCNAIR Executive Vice-President
A. H. MELLINGER President, Illinois Bell Telephone Co.
CHARLES H. MORSE Director, Fairbanks, Morse & Co.
PAUL S. RUSSELL Vice-President
WILLIAM P. SIDLEY Sidley, McPherson, Austin & Burgess
HAROLD H. SWIFT Vice-Chairman of Board, Swift & Co.
STUART J. TEMPLETON Wilson & McIlvaine
WARD W. WILLITS Chmn. of Board, The Adams & Westlake Co.
FRANK H. WOODS Chairman of Board, Addressograph-Multigraph Corp.

Buy War Bonds

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

THE OUTLOOK. Business is acutely conscious of all the confusion, mistakes and politics on the home front but is inclined to overlook something that is happening right on its own doorstep.

There seems to be a growing inclination to coast along on the theory that there will be a made-to-order and impatient market for every kind of consumer goods as soon as the war ends. In other words, the public is supposed to be storing up wants and desires for all the newly developed products which will be available when peace returns.

Consequently, selling is becoming a lost art and consumer advertising is fading away.

● **A SHIFT OF EMPHASIS.** When the impact of war orders and declining civilian supplies first eliminated the need for promoting sales, there was some effort to keep organizations together and maintain a semblance of advertising and selling as usual.

As we got deeper into the war and farther away from normal business procedure and experience, there was a widespread inclination to rest on our oars and be carried along. Advertising shifted over almost as a unit toward telling the public what a good job was being done for war production and about the marvelous technical and mechanical advances being achieved.

As an afterthought there was usually some reference to what these developments would mean after the war in terms of better living and leisure. The information was not very specific on this point although some businesses, notably the aircraft field, got down to brass tacks and tried to show some of the things which can be bought later on with present savings.

There are various good reasons, of course, for the general absence of specifications on postwar products. In most cases the details have not been worked out completely and for competitive reasons alone there is a rule of reticence.

● **MUST BE SOLD.** Yet it is a mistake to assume that the buying public will be in a buying mood toward these newly developed things when the war ends. There is nothing in the whole experience of merchandising to support the idea that people will flock to buy kitchen stoves with electric eyes, home air-conditioning units, week-end trips to London and various other unfamiliar items they have never had before.

There is more likelihood that many are falling into the habit of getting along without things heretofore considered essential and making the old ones do.

The longer the war lasts the more reselling and re-advertising and re-education it is going to take. There will be a hurdle of sales resistance to overcome unless a vigorous and intelligent selling effort is continued during the war years, and it should be aimed at more than keep-

ing a name before the public. There will be plenty of buying of familiar goods once they are available but it is the new products that will take selling, no matter how attractive they are.

The appetite in this country for better everything, from automobiles to mousetraps, was not simply a native trait but was built up and maintained through long years of vigorous selling and advertising.

● **WOULD HELP WAR EFFORT.** There is another more important reason for finding ways to sell the idea of specific purpose saving and specific purpose purchase of War Bonds. It would help finance the war by providing a powerful sales appeal. It would stave off compulsory savings. It would provide further aid in holding the inflation front. It would create a cushion for the postwar reconversion period.

We shall be hearing much more discussion of forced saving in the coming months. Also the idea of saving or paying now for specific postwar purchases is one that will not down. Both are inherent in the present economic picture. A plethora of funds paralleled by a dearth of goods should make the public unusually receptive to information about what they will be able to buy with the money after the war.

These anticipated purchases may be definite and specific or they may be just informal objectives in the minds of the savers. In either case the idea and results are the same.

In England where the compulsory principle is now more or less in operation, the first discussions of the idea met with opposition and indignation. Later the project was reoffered in the name of deferred pay and still the public balked. Finally a plan for a postwar tax credit was put forth and this was adopted without much difficulty.

● **INFLATION'S PROGRESS.** Available statistics reflecting the degree of inflation experienced thus far give a rather misleading picture.

For example, all wholesale and manufacturing prices have risen something more than 21 per cent since the war began in Europe in August, 1939. In the same period, however, the wholesale price of farm products in this country had risen 107 per cent as of the first part of June and wholesale prices of all food products were 65 per cent higher.

The effect has been to reverse the position of the farmer from one of economic inferiority to a position distinctly above the average. The resulting rural prosperity is becoming a source of real concern to those who foresee an inevitable drop in both prices and farm land values. In the past year alone the price of manufactured goods has risen about 1 per cent while the level of wholesale farm products is 19 per cent higher.

